

Doing Business in Vietnam



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Preface

This book was prepared by Ernst & Young in Vietnam. It was written to provide a quick overview of the investment climate, forms of business organization, taxation, and business and accounting practices in Vietnam. While the information contained in the book was, to the best of our knowledge, current at the time of writing, the rapid pace of change in Vietnam means that laws and regulations may have changed to reflect the new conditions. Making decisions about foreign operations is complex and requires an intimate knowledge of a country's commercial climate with a realization that the climate can change overnight. Companies doing business in Vietnam, or planning to do so, are advised to obtain current and specific information from experienced professionals.

Glossary of Acronyms

The following acronyms have been used in this guide.

| | | | |
|-------|--|--------|--|
| ADSL | Asymmetric Digital Subscriber Line | GSO | General Statistics Office |
| AFTA | ASEAN Free Trade Agreement | GTI | Gross Taxable Income |
| APEC | Asia - Pacific Economic Cooperation | HTZ | High Technology Zone |
| ASEAN | Association of Southeast Asian Nations | IAS | International Accounting Standards |
| ATM | Automated Teller Machine | IFRS | International Financial Reporting Standards |
| BCC | Business Cooperation Contract | IZ | Industrial zone |
| BOT | Build Operate Transfer | MFN | Most Favored Nation |
| BT | Build Transfer | MOF | Ministry of Finance |
| BTA | Bilateral Trade Agreement | MOLISA | Ministry of Labor, War Invalids and Social Affairs |
| BTO | Build Transfer Operate | MPI | Ministry of Planning and Investment |
| COMA | Code Division Multiple Access | NTR | Normal Trade Relations |
| CIF | Cost Insurance Freight | PIT | Personal Income Tax |
| CIT | Corporate Income Tax | PNI | Produced Nation Income |
| DTA | Double Taxation Agreement | SBV | State Bank of Vietnam |
| EPE | Export Processing Enterprise | SME | Small and Medium-sized Enterprises |
| EPZ | Export Processing Zone | SOE | State-owned enterprise |
| EU | European Union | SSE | State Securities Commission |
| EZ | Economic Zone | SST | Special Sales Tax |
| FCWT | Foreign Contractor's Withholding Tax | USD | United States Dollar(s) |
| FIE | Foreign-invested enterprise | VAS | Vietnamese Accounting System |
| FOB | Free On Board | VAT | Value Added Tax |
| GAAP | Generally Accepted Accounting Principles | VND | Vietnamese Dong |
| GDP | Gross Domestic Product | WTO | World Trade Organization |
| GSM | Global System for Mobile Communications | | |

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Why Vietnam



Why invest in Vietnam

Security and political environment

In a region of the world where some countries remain vulnerable to political and economic instability, Vietnam has benefited from its stable government and social structure, making it an ideal place for capital investment.

Strategic geographic location

Located in the cradle of Southeast Asia, Vietnam's advantageous geographic location can serve as a launch pad and home base for what is already the largest collection of people on earth (the combined populations of ASEAN along with China, Japan, South Korea and Chinese Taipei account for over 2 billion people).

High economic growth

Vietnam remains one of the fastest-growing Asian economies with high GDP growth in recent years, based on the power of FDI & the private sector.

Young and energetic population

Vietnam has a population of 87.84 million people (13th largest in the world) expected to grow to 100 million in 2020 with an annual growth rate of 1.2%. Over 50% of the population is 25 years or younger. Possessing, highly skilled, young workers with an extraordinary work ethic and literacy rate of more than 90%, the Vietnamese are equipped with a high level of education and are prepared to serve in high skilled industries like information technology, pharmaceuticals and financial services, at a more competitive cost than other countries in the region.

Abundant resources

Since it began offshore oil exploration in the 1970s, Vietnam has become a net exporter of crude oil, while gas and petroleum reserves, coal reserves, and the harnessing of hydropower electricity provide other readily available sources of power. Minerals located in Vietnam include iron ore, tin, copper, lead, zinc, nickel, manganese, marble, titanium, tungsten, bauxite, graphite, mica, silica sand, and limestone. In addition, Vietnam has played a significant role in the exportation of agricultural products to the world markets as the world's largest exporter of pepper, second largest exporter of coffee and rice, and third largest exporter of cashews, among other products.

Significant improved legal environment

Before joining WTO, Vietnam revamped much of its legal system, making revisions of major legal frameworks, specifically Labour Code, Land Law, Civil Code, Law on Securities, Law on Competition, Enterprise Law and Investment Law, in order to make the investment environment more transparent. As a matter of fact, WTO accession with the challenges associating with MNC's market entries has helped to revolve Vietnam's legal environment to be more transparent and more conform to international standards in all aspects.

Active global integration

Before joining to WTO Vietnam had demonstrated continued efforts in achieving high GDP growth, liberalizing its market and transforming its regulatory environment. Vietnam officially became the member of ASEAN and joining the ASEAN Free Trade Area AFTA and officially became the WTO's 150th member of WTO on 11th January 2007.





Key facts

Key Facts

A.1 Economic over view and major achievements

Vietnam has achieved substantial progress in economic development following the declaration by the Sixth Party Congress, in 1986, of a broad economic reform package called “Doi Moi”, or “renovation” which led to a more open economy and dramatically improved Vietnam’s business environment.

Up to now Vietnam has successfully transformed from a centrally-planned economy with heavy bureaucracy and subsidies to a socialist-oriented market economy characterized by strong dynamism and rapidly growing entrepreneurship. Vietnam’s economy has integrated deeply into the regional and global economies, bringing about a sharp rise in trade volumes as well as an influx of foreign investment.

Vietnam’s economy is well on the way to being a multi-sector model operating according to market mechanisms. Over the last decade the economy has recorded an average GDP growth rate of 7.2 % per annum, ranking top in the Asia-Pacific region. The private and FDI sector has enjoyed very favourable conditions created by the Enterprise Law and Investment Law of 2005, which institutionalizes the freedom of all individuals to conduct business in areas not prohibited by law and removes a large number of administrative obstacles that hampered enterprises.

With a view to raising the efficiency of the state-owned sector, the Government has adopted assertive policy measures to reorganize the sector through equalization. As a result, more than 3,951 state-owned enterprises were equitized by the end of 2011.

Although Vietnam’s economy was affected from the international economic crisis and the internal irrational macroeconomic setbacks such as high inflation rate, trade deficit and budget overspending, the economy recovered rapidly, with GDP growth rate of 5.89 % in 2011. Vietnam became a lower middle income country with its GDP per capita exceeding USD 1,350 in 2011. The Government has put forward some key solutions to the national socio-economic development plan for 2012, including inflation curbing and macroeconomic stabilization; economic restructuring and administrative reform; improved workforce quality and social welfare etc. with the goal to attain the GDP growth rate of about 6 - 6.5 %, and the reduced trade deficit and CPI (consumer price index) of under 10 %.

Facts of Vietnam 2011

| No | Categories | Statistics | Growth rate of 2011 |
|----|---------------------------|-------------------|---------------------|
| 1 | Average population | 87.84 million | 1.00354 % |
| 2 | GDP | USD120 billion | 5.89% |
| 3 | GDP per capital | USD1,365 | |
| 4 | Export | USD96.9 billion | 34.2 %% |
| 5 | Import | USD106.7 billion | 25.8% |
| 6 | CPI | | 18.58% |
| 7 | Foreign visitors | 6,014,000 visits | 19.1% |
| 8 | Foreign Direct Investment | USD14.695 billion | -26% |
| 9 | Agriculture | USD26.5 billion | 4.0% |
| 10 | Industry | USD48.6 billion | 5.33% |
| 12 | Service | USD46.9 billion | 7.01% |
| 13 | Exchange Rates (to USD) | 21,030 | |
| 14 | Remittance from Overseas | USD9 billion | 12.5% |

Sources: General Statistics Office (Ministry of Planning & Investment) by 31 Dec.2011

A.2 Leading industries

As Vietnam's growth rate continuously increases, the country's economic structure has also seen notable changes. From 1990 to 2011 the share of the agriculture sector reduced from 38.7 % to 22.02 %, while that of industry and construction sector increased from 22.7 % to 40.25 % respectively. The service sector remained relatively constant, eg. 38.6 % in 1990 and 37.73 % in 2011.

Agriculture still plays a critical role in Vietnam's socio-economic life since it generates about 57 % of total employment and makes important contribution to the expansion of the country's foreign trade. Total grain food production in 2011 was 47 million tons, in which the share of rice, coffee, tea and rubber increase for more than 5 %. In 2011, the wood production was 4.69 million m³, 17 % increase and forest coverage reached 547,000 ha, 3.7 % increase from 2010 respectively. Fishery production, in which fish and shrimp are main products, was 5.4 million tons, a 5.6 % increase from 2010. Vietnam is among the leading countries in terms of agricultural exports such as rice, coffee, cashew nuts and aqua-products, etc. Industry continues to grow rapidly in terms of gross output, at an average rate

of 10-15 % per annum. Besides state enterprises, foreign-invested and the private enterprises play an increasingly important role in industrial development and exports. The 2011 Industrial Production Index (IPI) increase by 6.8% compare to that of 2010, of which the share of manufacturing and power, gas and water supply rose by 10 %.

Services are growing at an average rate of 7-8 %. In 2011 the value added of service sector grew 6.99 % with good performances being recorded in the trade, finance, and hotels and restaurant sub-sectors as consumption and tourism remained buoyant. Total retail sales of consumer goods and services rose 24 % from year 2010, with the scale of domestic consumer market reaching nearly USD 95 billion, Vietnam retail market is among the world top attractive markets. 2011 is also regarded as the “bumper crop” year for the country’s tourist industry, with the number of international visitors to Vietnam exceeding 6 million, a 19.1 % increase from of that 2010. Postal and communication services, which has become a prominent sector in the industries, also obtained magnificent achievement with a growth rate increase by 19.3 % compared to that of 2010.

Industry and services continue to increase their share in the economy. This reflects market oriented reforms, a gradual reduction in barriers to competition and to private sector development, and improvements in physical infrastructure. Greater diversification in industrial production and services lays the foundation for further sustained growth in output and employment.

A.3 Major imports and exports

Exports

Total export turnovers in 2011 reached USD 96.3 billion, rose 33.3% from 2010, of which the domestic economic sector achieved USD 41.8 billion, up 26.1% and the FDI sector (including crude oil) gained USD 54.5 billion, up 39.3%. If crude oil was excluded the FDI sector gained USD 47.2 billion, up 38.4% from last year.

In 2011, 14 exported items had turnovers of over USD 2 billion including Textile USD 14 billion, increased 25.1% compared to 2010; Oil & Gas USD 7.2 billion, up 5,9%; telephone and mobile phone and spare parts USD 6.9 billion, increased 197.3%; footwear USD 6.5 billion, increased 27.3%; seafood USD 6.1 billion, increased 21.7%; electronic and computer products USD 4.2 billion increased 16.9%; equipments USD 4.1billion, increased 34,5%; wooden furniture USD 3,9 billion, increased 13,7%; Rice USD 3,6 billion, increased 12,2%; Rubber USD 3,2 billion, increased 35%; Coffee USD 2,7 billion, increased 48,1%; precious stone, metal nearly USD 2,7 billion, decreased 5,2%; means of transports and spare-parts USD 2,4 billion, increased 51,3%.

Imports

Total import turnovers in 2011 were USD 105.8 billion, rose 24.7% from last year, of which the domestic economic sector achieved USD 58 billion, up 21.2% and the FDI sector gained USD 47.8 billion, up 29.2%. This was mainly due to imported machinery and material for domestic production.

The FDI sector has taken a great part in this year's increase in export-import turnovers with 39.3% pace for export and 29.2% pace for import. This sector's export turnovers (including crude oil) accounted for 56.6% of the country's total export turnovers; and its import turnovers accounted for 45.2% of the country's total import turnovers.

Trade deficit in 2011 was USD 9.5 billion, equaling 9.9% of total export turnovers. This was the lowest rate since past 5 years and 2011 was a year with lowest trade deficit rate against export turnovers since 2002.

Exported and imported services

Turnovers of exported services in 2011 were USD 8,879 million, up 19% from 2010, of which the tourist service gained USD 5,620 million, up 26.3%; the transport service USD 2,505 million, up 8.7%. 2011's turnovers of imported services were USD 11,859 million, up 19.5% from 2010, of which the transport service gained USD 8,226 million, up 24.7%; the tourist service USD 1,710 million, up 16.3%. 2011's trade gap of services was USD 2,980 million, up 21.1% from 2010 and equaling 33.6% of 2011's turnovers of exported services.

(Source: GSO, www.gso.gov.vn (Report on 2011 economic development))

A.4 Infrastructure

Road network

With its geography in the shape of the letter "S" stretching vertically from North to South, Vietnam's total length of roads is 220,000 km including 17,300 km of over 90 national highways, 21,760 km of provincial highways, 45,000 km of district highways, 6,650 km of urban roads and the remaining more than 130,000 km of commune roads. In total, there are 7,440 bridges to be built on national and provincial highways, of which new permanently built bridges account for more than 60%.

Highway No.1 is the backbone route of the country's road transport with the total length of 2,247 km connecting 6 out of 7 economic zones of the country (except for the Central Highland). This will remarkably helps to increase transportation capacity and lessen the time.

Vietnam's second backbone road transport axis is Ho Chi Minh City route, which runs in parallel with Highway No.1 and goes through the Central Highland. The route is expected to foster development of the country's western area. The first phase which

connects Hoa Lac and Ben Cat (Binh Phuoc province) has been completed. It is expected that the road will be extended to Cao Bang in the North and Ca Mau in the South in the second phase.

Other important routes include road system in the North area which converges in the transportation centre of Hanoi and some East-West inter-provincial routes; East-West road system in the central area and road system of the South whose centre is Ho Chi Minh city. Vietnam's road system is linked with that of China, Laos and Cambodia and is part of the regional road system including trans-Asia roads and roads of ASEAN countries, roads of the sub-region of Mekong River and East-West lobby.

It is planned that over USD 50 billion will be spent for construction of 20 highways with total length of 5,900 km in the time to come which will remarkably improve transportation infrastructure of Vietnam.

Railway network

Vietnam has 3,142.7 km of railway in all including 9 main lines of 2,632 km in length, 402.7 km station lines and 108km branch lines. All these are single lines. Railroads whose gauge is 1000 mm is 2,251 km, accounting for 85.5% while that of 1435 mm is 161 km, accounting for 6.1% and dual gauge is 220 km, accounting for 8.4%. There are 1,790 railway bridges with total length of 45.4 km and 31 combined bridges of 11.8 km and 39 tunnels of nearly 11.5 km.

Hanoi - Ho Chi Minh City and Ha Noi - Hai Phong, the two main railway lines, connect almost all major economic centres in Vietnam except for the Mekong river delta. Vietnam railway is connected with that of China through such railway lines as Ha Noi - Dong Dang (Lang Son province) and Ha Noi - Lao Cai. It is planned that the railway will be developed to connect with that of Cambodia, Thailand, Malaysia, Singapore and Laos.

Currently, Vietnam is considering to implement the North-South high-speed railway system with total length of 1,600 km with total investment of more than USD 30 billion. In the visible future, some old railway lines will be restored and put into used. It is also planned that some new branch lines will be built especially for economic development purpose of the Central Highland area.

Inland waterway

Vietnam Inland Waterway system is quite diversified. There are more than 2,360 rivers and canals with a total length of 42,000 km. Out of which, 11,000 km of inland waterway are being exploited, mainly in the delta areas of Red River (2,500 km) and Mekong River (4,500 km). Waterway lines in the North (mainly include Red River and Thai Binh River) is affected by hydrographic factors.

In spite of many limitations, waterway transport is still a favorite choice because it is inexpensive and suitable to certain kinds of goods. Vietnam is now carrying out a program on upgrade of river ports as well as river bed dredge to improve waterway transport ability.

Sea ports

With total coastal lines of 3,260 km and its strategic location in the East-West sea route and many deep-water ports, Vietnam has favorable conditions to develop sea transport. This kind of transport accounts for as much as 80% of the total Vietnam's import-export output.

Currently, Vietnam has more than 100 seaports of different sizes with a total length of more than 30,000 m. There are 22 seaports in the North (from Quang Ninh province to Ninh Binh province) of which Cai Lan and Hai Phong seaport complexes are the most important ones. The number of seaports in the Central of Vietnam (from Thanh Hoa province to Binh Thuan province) is 37 of which seaport complexes of Da Nang (general) and Nghi Son, Dung Quat (specialized) are the most important ones. Seaport system in the South comprises of 45. This is now the country's biggest entrance port, especially the area of Sai Gon - Thi Vai - Vung Tau seaport area. All of the most significant inland water lines originate from the above-mentioned ones. Most important international sea routes start from Hai Phong/Ho Chi Minh city to the Eastern Asia regions (Russia, Japan, South Korea, Hong Kong, etc.).

It is planned that some big seaport complexes will be developed into entre-pots of all the three areas such as Hai Phong seaport complex in the North, Da Nang complex in the central area and that of Ho Chi Minh city - Dong Nai - Ba Ria Vung Tau in the South. These complexes are expected to be capable of receiving 100.000 ton ships. Especially, the Van Phong international seaport will also built with capability of receiving 200-300 thousand- ton ships.

Airports

Vietnam has favorable geographical location to develop airway transport and has become a centre for passenger and goods transportation in the region. Currently, Vietnam has 20 airports including 5 in the North (major entre-pot is Noi Bai international airport in Hanoi), 8 in the central area (the most important destination is the newly built Da Nang international airport), and 7 in the South (major entrepot is Tan Son Nhat international airport in Ho Chi Minh city). Airports in Ha Noi and Ho Chi Minh city are capable of receiving the world's biggest passenger airplanes such as Airbus A380 and Boeing 747-8.

Vietnam Airlines Corporation is the leading aviation company in Vietnam and currently owns 49 airplanes and some other hired aircrafts. Apart from 20 domestic destinations, there are also 41 international destinations including main areas of East Asia, South East Asia, Europe, America and Australia. Meanwhile, there are 30 airlines which have their destinations in Vietnam. Therefore, it is quite easy to find an international airline to/from Vietnam.

In 2008 the new Tan Son Nhat international airport was built to increase airway transportation capacity in the South. The Noi Bai T2 terminal is also under construction and scheduled to be opened in 2013. It is planned that Long Thanh international airport, which is about 50 km South East of Ho Chi Minh city, will also

be built in the visible future. Apart from which, some old airports will be restored or changed into civil service rather than military purpose.

Business development zones

Currently Vietnam has 283 industrial zones and export processing zones (IZs), with total natural land area of more than 76 thousand ha. In which, total industrial land for lease is over 46 thousand ha, accounting for about 61% of the total natural land area. Up to the end of 2011, about 65% of the industrial land for leasing is occupied and 65% of the IZs in Vietnam are under operation. Regarding the investment scale, IZs have attracted 4,100 FDI projects with the investment capital exceeding USD 59.6 billion.

Vietnam also has 3 high-tech zones including Hoa Lac (Hanoi), Da Nang and Ho Chi Minh City with total area of 3,509 ha of land. These zones are under operation accommodating projects mainly in areas of microelectronics, biotechnology, IT, nanotech, robotics, new energy and precision mechanics etc., and have attracted notable FDI projects from major investors such as Intel, Nidec etc.

Besides, the Prime Minister has recently approved the establishment of 15 economic zones, which are located along the country's sea coast with total area of 662,000 ha of land and water-surface. These zones have attracted more than 700 projects with USD 50 billion worth of investment capital including the Dung Quat refinery, Doosan Heavy Industries Vietnam and Nghi Son Thermal Power Plant etc.

Energy

Vietnam is endowed with abundant natural energy resources, including crude oil, coal, hydropower, geothermics, bio-energy and solar energy, and nuclear energy is planned for the future.

► Oil and natural gas

Oil and natural gas were found for the first time in Vietnam in the early 1970s but the industry only began to develop in 1984. Discovered reserves are estimated at around 1.7 billion tons of crude oil and 835 billion cubic meters of natural gas. Forecast reserves are around 6 billion tons of crude oil and 4,000 billion cubic of natural gas. Annual oil output is over 20 millions tons, most of which is exports, contributing around 20~25 % of the country's total export earnings. In 2011 natural gas reached 9.32 billion cubic metres and oil production was 15 million tons.

► Coal

Coal is mostly found in the northern region. Discovered reserves are estimated at around 6.06 billion tons. Brown coal is also located in the Red River Delta, with the estimated reserves of about 200 billion tons. In 2005, the output of exploited coal was 34 millions, reaching 46.8 million tons in 2011.

► Electricity

Electricity development is attached great importance during the course of

industrialisation and modernisation of Vietnam, in order to secure infrastructure for socio-economic development. Electricity infrastructure has improved substantially in terms of capacity, transmission networks, service quality, safety and cost.

As at the end of 2006, electricity output stood at 51.3 billion kWh, over 60 % of which was generated by gas turbine and hydropower. Electricity out in 2011 alone reached 9.6 billion kWh, and is expected to amount to 200~250 billion kWh by 2020. The total power capacity in Vietnam is currently around 12,000 MW. Vietnam is also exploring the feasibility of nuclear power development and expects to build its first nuclear power plant (around 2,000 MW) after 2015.

► **Power transmission**

Power transmission networks have been expanded in line with the development of power generation in order to increase electricity access nation-wide. The first North-South 500KV transmission line began operating in 1995 and an unified national power network has come into being since. In 2005, a second North-South 500 KV transmission line equipped with advanced technology was brought into operation to facilitate power moderation in different areas of the country and pave the way for future connection with power networks in the region.

Telecommunication

A boom in telecommunications development has been seen in Vietnam since the early 1990s, with growth rates rank the second highest in the region, putting it as one of the most dynamic emerging telecommunications markets in the world with the total postal and communicational service net income being at USD 8 billion. With vigorous improvements in infrastructure, telecommunications services have mushroomed in terms of availability and quality.

► **Telephone**

Mobile phone services were initially introduced in Vietnam in 1995 and have boomed since. The number of mobile phone subscribers has increased dramatically, from 22,500 in 1995 to around 9.3 million in 2005, with average annual growth coming in at more than 80 %. In 2011 the total nominal number of mobile phone subscribers reached 133.1 million, in which more than 30 million are frequent mobile phone users and Vietnam also has 15.5 million subscribers for wire-telephone service.

► **Internet**

Vietnam became connected to the internet in 1997 and since then internet services have developed robustly and become popular in all provinces. By the end of 2011, the number of internet users in the country was more than 32 million, accounting for 35 % of the population, of which nearly 4.2 million were subscribers of broadband internet services.

A.5 Financial system

Recently, the Government has undertaken key reforms with a view to create a strong the financial system, i.e. renovation of the legal framework for the banking sector including en-action of the Law on the SBV, Law on Credit Institutions and ordinance on foreign exchange as well as an issuance of implementation guidelines. The SBV has also issued measures to enhance the soundness of the country's banks. These laws and measures help secure loans granted by credit institutions and improve their financial transparency. The SBV has also reduced its intervention in state-owned bank's operation to encourage their commercial orientation, leading to a diversification of the financial system.

During 2005 - 2010, banking sector experienced dramatic growth in both quantity and total assets. Credit and deposit share of SOCBs have gradually shrunk facing aggressive competition from JSCBs in 5 recent years. In 2011, the restrictions on mobilizing VND on joint-venture and foreign banks (JVBs & FBs) was lifted, which enabled an equal playing field for both foreign and domestic banks and SOCBs and JSCBs.

Despite the affect from the 2008 financial crisis, Vietnamese banks have managed to maintain good profit growth, reflecting in the average growth of top eight banks in 2008, 2009 and 2010 (46%; 59% and 31% respectively). Outperformed banks in this period were mainly JSCBs, including Eximbank, Military bank, Techcombank and Maritime bank. Vietinbank is an SOCBs achieving outstanding performance during 2008-2010. Although FBs' business results were not widely published, its leading player, HSBC, reported a high NPAT growth of 40% in 2010.

Currency note

The official currency of Vietnam is the VND. Vietnam completed the conversion of paper banknotes to Polymer banknotes denominated in VND 10,000, VND 20,000, VND 50,000, VND 100,000, VND 200,000 and VND 500,000 which were issued from 2004 to 2006. Other small banknotes are issued in paper including VND 500, VND 1,000, VND 2,000 and VND 5,000.

A.6 Stock Exchange

The first stock exchange of Vietnam was established in July 2000 in Ho Chi Minh City with two listed companies that is name HOSE in abbreviation, following is the establishment of Hanoi Stock Exchange - HNX. The market trades in company issued shares and bonds issued by the Government, credit institutions and corporate. By the end of December 2011, there are over 750 companies listed on the Hanoi and Ho Chi Minh stock exchange

The Government has taken measures to develop the market by amending regulations relating to the capital market, reorganizing authority structures, accelerating and linking the SOE equalization process to the stock market.

In order to enhance the role of regulators, Decree No. 66/2004/ND-CP placed the SSC under the direct supervision of the Ministry of Finance (MOF) on 19 February 2004.

In September 2005, the PM increased the cap on total foreign shareholdings on domestic companies listed on the securities market from 30% to 49% of the total shares of a listed company, except for listed banks, of which the cap still remains at 30%. Foreigners purchasing or selling shares in Vietnam's securities market must register for a foreign investment management code with the Stock Exchange Department through a depository bank as prescribed by the SSC. In respect of bonds listed on the stock exchange, foreign investors are allowed to buy unlimited units.

Foreign securities institutions who wish to engage in securities businesses in Vietnam must establish a joint venture company with a Vietnamese partner in accordance with a SSC-issued license. The maximum foreign holding allowed in such a joint venture is 49% of the charter capital. Similarly, a foreign investment fund that wishes to invest in the Vietnamese securities market must be licensed by the SSC.

Representative offices of foreign securities companies and fund management companies in Vietnam

Foreign securities companies and foreign fund management companies shall be permitted to establish a representative office in Vietnam after they have registered its operation with the SSC.

A.7 International integration

Vietnam has made major steps forward in its commitments to regional and international economic integration. Following the introduction of Doi Moi Vietnam signed an economic and trade cooperation agreement with the EU in 1995, joined ASEAN in 1995, adhered to CEPT/AFTA in 1996 and became an APEC member in 1998. The Bilateral Trade Agreement (BTA) with the United States was signed in 2000, which resulted in a dramatic increase in the trade volume between the two countries. Vietnam became the 150th member of the World Trade Organization (WTO) on January 11th, 2007 and we are also in advanced negotiation stages with 10 other members including the United States, Japan and Australia etc. to form the Trans-Pacific Partnership (TPP), an unprecedented multilateral free trade & investment agreement that aims to further liberalize the economics of the Asia-Pacific region.

Vietnam's commitments in the WTO increase market access for exports of goods and services of WTO's members and establish greater transparency in regulatory trade practices as well as a more level playing field between Vietnamese and foreign companies. Vietnam undertook commitments on goods (tariffs, quotas and ceilings on agricultural subsidies) and services (provisions of access to foreign service providers and related conditions), and to implement agreements on intellectual property (TRIPS), investment measures (TRIMS), customs valuation, technical barriers to trade, sanitary and phytosanitary measures, import licensing provisions, anti-dumping and countervailing measures, and rules of origin.

At present, Viet Nam has established diplomatic relations with 172 countries and signed 55 bilateral investment agreements and 58 double taxation agreements with countries and territories. It has economic and trading relations with about 165 countries and territories. Vietnam holds membership in 63 international organizations and over 650 non-governmental organizations.

The policy of “multi-lateralization and diversification” in international relations has helped Vietnam to integrate more deeply into the global and regional economies and increase trade and investment ties with nations all over the world. More importantly, Vietnam has improved its enable business friendly environment over time.



Useful Information

Useful information

B.1 Geography

Vietnam occupies the eastern coastline of the Southeast Asian peninsula, and shares land borders with China to the north, and Laos and Cambodia to the west. Its coastline provides direct access to the Gulf of Thailand and the East Sea.

Vietnam has a land area of 331,114 square kilometers. Most of the country is hilly or mountainous, with flat land representing only about 20 %. The primary topographical features in the north are highlands and the Red River Delta and the south includes the central mountains, coastal lowlands and the Mekong River Delta.

Vietnam has a beautiful long sea coast of 3,444 km, which is an ideal condition for development of maritime industry, trade and tourism in particular and for its emergence as a shipping centre for and the world in general.

Hanoi, the capital of Vietnam, is located in the north of the country and Ho Chi Minh City, the largest city in terms of population and economic activity, is situated in the south. Other major cities include Hai Phong, Da Nang, Hue, Vinh, Quy Nhon, Nha Trang, Can Tho, and Da Lat...

Diverse geographical structure together with hills, highlands and coastal areas are suitable for comprehensive economic zones.

B.2 Population and labor force

As estimated, the country's average population in 2011 was 87.84 million, up 1.04% from 2010, of which 43.47 million were men, accounted for 49.5% of the total population and rose 1.1%; 44.37 million were women, accounted for 50.5% of the total population and rose 0.99%. Urban population were 26.88 million, accounted for 30.6% of the total population and rose 2.5%; rural population were 60.96 million, accounted for 69.4% of the total population and rose 0.41% from 2010.

The labor force aged 15 and above in 2011 had 51.39 million persons, rose 1.97% from 2010. 46.48 million people were within the labor age group, up 0.12%. Labor proportion in the sector of agriculture, forestry and fishery decreased from 48.7% in 2010 to 48.0% in 2011; it rose from 21.7% to 22.4% respectively in the sector of industry and construction; and in the service sector, it maintained to be 29.6%.

The unemployment rate within the labor age group in 2011 was 2.27%, of which it was 3.6% for urban area and 1.71% for rural area (in 2010, corresponding rates were 2.88%, 4.29% and 2.30%). The underemployment rate within the labor age group in 2011 was 3.34%, of which it was 1.82% for urban area and 3.96% for rural area (in 2010, corresponding rates were 3.57%, 1.82% and 4.26%).

The population consists of 54 ethnic groups, of which 88% is Viet (Kinh) and the remaining 12% is ethnic minorities such as the Tay, Thai, Hoa (Chinese), Khmer, Hmong and others. The Government has given priority to developing quality training and education system.

B.3 Language

Vietnamese is the official language. The modern written language uses the Vietnamese alphabet, a Romanized representation of spoken Vietnamese.

While English is increasingly favored as a second language, other languages used to a lesser extent in Vietnam are French, Russian, Chinese, Khmer and mountain area languages (Mon-Khmer and Malayo-Polynesian).

B.4 Government and political structure

Vietnam is a one-party state run by the collective leadership of the Communist Party Secretary-General, the Prime Minister (PM) and the President. Policy is set every five years by the Party congress and adjusted twice a year by plenary meetings of the Central Committee. The Government and other state organs are responsible for implementing policy. The National Assembly has the power to approve and revise the Constitution and Laws, make important decisions on national matters (policies on internal and foreign affairs, socio-economic factors, political factors, security factors, operations of state bodies), and supervise all operations of state bodies.

The President, as Head of State, represents The Socialist Republic of Vietnam on internal and foreign affairs. The Government is the highest administrative state body of The Socialist Republic of Vietnam, and responsible for executing and managing political, economic, cultural, social, national defence, security and foreign affairs of the state bodies. Ministries are responsible for the execution of state power in the certain industry or sector. People's Committee (province, district, and commune) governs management affairs within its administrative location, manages, directs, operates daily activities of local state bodies and executes policies of the relevant People's Council and higher state bodies.

B.5 Time

Vietnam local time is seven hours ahead of Coordinated Universal Time, or UTC. Business hours in Vietnam are generally from 7:30 a.m. to approximately 4:30 p.m., however international companies located in the urban areas operate from 8:00 a.m. to 5:00 p.m. Shops tend to be open from 9:00 a.m. to 9:00 p.m.

B.6 Connectivity

Internet is very popular in Vietnam with updated technology and equipment. The internet service is available in most of cities and provinces and easy to access.

The number of internet subscribers over the country as at the end of 12/2011 was 4.2 million, up 16.1% from last year' same period. The number of internet users as of the end of 12/2011 reached 32.6 million, up 22% from last year' same period. 2011's total postal and communicational service net income was 167.1 trillion dong, up 19.3% from 2010.

B.7 Climate

Northern Vietnam has four seasons: spring, summer, autumn and winter. Spring is from January to March, summer is from April to end of July, autumn is from August to end of September and winter is the rest of the year. Autumn is the best and the most beautiful weather in the north with the average temperature on the day ranging from 27⁰C to 32⁰C and decreases to 24⁰C or 27⁰C at night. In contrast, Central Vietnam is subject to occasional typhoons. The South is generally warm with two seasons: dry and wet. During the hottest months at the end of the southern dry season, March through May, temperatures reach the low 30⁰C. This period is followed by the May - October monsoon season.

B.8 Living in Vietnam

Housing

Rent for houses in Hanoi and Ho Chi Minh City ordinarily range from USD 1,500 to USD 6,000 per month, with many of the larger houses featuring gardens and swimming pools. Houses can be either furnished or unfurnished.

In addition, many serviced apartments have been built in the last few years, resulting in good quality accommodation being available from between USD 500 to USD 5,000 per month, depending on location and service facilities.

In general, accommodation in Hanoi is slightly more expensive than in Ho Chi Minh City.

Six months' rent in advance may be required for some accommodation, but advance rent of one to three months is more common. Many foreigners choose to employ household staff, such as maids, cooks, drivers, or guards. Wages range from USD 100 to USD 400 per month, depending on the services performed.

Education

As of end of 2011, Vietnam had 57/63 provinces/cities under central management met standards for popularizing primary education within right age group and 63/63 provinces and cities met standards for popularizing junior secondary education.

Schools meeting national standard in 2010-2011 school-year rose 20.6% for pre-schooling level; 11.5% for primary schooling level; 22.3% for junior secondary schooling level and 24.3% for senior secondary schooling level from last school-year. The number of teachers for 2010-2011 school-year was 830,900, rose by 12,000 teachers from last school-year. The rate of teachers meeting national standard was 97.6% for primary schooling level; 97.4% junior secondary schooling level and 99.0% for senior secondary schooling level.

About occupational training: As of end of 2011, Vietnam had 128 occupational colleges; 308 intermediate vocational schools; 908 vocational centers and over 1,000 other vocational establishments. This year's newly recruited apprentice students were 1,860,000 times of persons rose 6.4% from last year, of which occupational colleges and intermediate vocational schools recruited 420,000 times of persons; vocational primary schools recruited 1,440,000 times of persons.

Several privately run international schools are located in Hanoi and Ho Chi Minh City for foreign children. These schools educate children of all nationalities from pre-school to high school and offer examinations under the International Baccalaureate program. Standard Aptitude Tests are also available at certain schools. Each school establishes its own curriculum, but the Australian, American and French education systems appear to be the most common. Annual tuition at these schools ranges from USD 5,000 to USD 20,000.

Medical services

As of 2010, Vietnam had 13,467 state owned hospitals and clinics with 246,300 patient beds and over 61,400 doctors.

Hanoi and Ho Chi Minh City are home to international medical facilities and foreign doctors operating in private practice, providing a range of services from general medical advice and medical testing, to gynecology, obstetrics and dentistry. The doctors are internationally trained and come from various countries.

Clinics can arrange medical evacuation, if required, at a cost of upwards of USD 30,000. As a result, foreigners living or traveling in Vietnam are advised to buy medical and medical-evacuation insurance.

Leisure and tourism

Vietnamese culture and civilization have existed for more than 4,000 years. Traditional farming methods as well as traditional clothing can still be seen in the countryside; while Vietnam's lively urban Street life remains one of its most characteristic features.

Tourism is a booming sector in the economy. Vietnam has over 9,350 hotels with around 184,830 rooms, including 25 five-star hotels, 85 four-star hotels, and 166 three-star hotels¹.

¹ Source: figures from Vietnam National Administration of Tourism

As in much of developing Asia, the influence of Western culture is growing. Western compact discs and DVDs are available in local stores, and shopping malls and supermarkets continue to emerge. Sports popular in more developed countries, such as golf and tennis, are being played here. Cycling is a highly visible recreational pastime.

The Mekong River which flows for approximately 4,023 kilometers (2,500 miles) down through the Himalaya Mountains and the country's 2,897 kilometers (1,800 miles) coast offers beautiful beaches and recreational opportunities. Vietnam's tourism infrastructure, including first-class hotels and resorts, has been extensively developed. Over the last few years, resorts have opened in Dalat, Phan Thiet, Nha Trang, Da Nang and Sapa and numerous first-class hotels have also opened in these cities.

B.9 Visa and permits

Entry visas

To visit Vietnam, nationals of most countries require a visa which must be obtained in advance from an overseas Vietnamese embassy or consulate. Visas are only issued on entry to the country in exceptional circumstances, such as natural calamity or departure from a country that does not have a Vietnamese consulate or diplomatic representative. A business or tourist visa for Vietnam can be obtained on submission of the relevant application form, photographs, passport (valid for at least six months) and an invitation letter or other documents indicating the purpose of the visit.

Citizens of the following countries do not require a Vietnamese entry visa for stays of specified periods, ranging from 15 to 30 days: Denmark, Finland, Norway, Sweden²; Japan, Korea³ (South); and ASEAN member countries (including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore and Thailand). Moreover, those entering Vietnam with diplomatic, official and special passports enjoy entry visa exemption for up to 90 days in accordance with bilateral treaties (to date, Vietnam has signed 54 bilateral treaties on entry visa exemption).⁴

Single or multiple-entry visas are available for business and tourist visas. After entering Vietnam, individuals may obtain an extension to their current visa, allowing a maximum stay in the country of twelve months, after which a new visa must be obtained⁵. The fee for obtaining a new visa and a visa extension in Vietnam is from USD 25 to USD 100. The residence permit costs from USD 60 to USD 100. Business visas require the sponsorship of an organization operating in Vietnam. Single visas, valid for 15 days, can be granted to those persons applying entry without any invitation or sponsorship.

² Under Ministry of Foreign Affairs Decision No. 808/2005/QĐ-BNG dated 13 April 2005

³ Under Ministry of Foreign Affairs Decision No. 09/2004/QĐ-BNG dated 30 June 2004.

⁴ Extracted from the Summary of entry visas exemption in Vietnam issued by the Ministry of Foreign Affairs.

⁵ Under Article 3 of Government Decree No. 21/2001/NĐ-CP dated 28 May 2001.

Foreign investors or their assistants who enter Vietnam to implement licensed investment projects may be granted multiple-entry visas for one year. These may be renewed for an additional one year period in accordance with the term of the contract. Residence permits are available to long-term expatriates working and living in Vietnam.

Work permits

All foreigners working in Vietnam and enterprises and organizations in Vietnam which employ foreign employees for more than three (3) months are required by law to obtain a work permit. This is in accordance with their Vietnamese labor contract or assignment letter, except for the following: those working for less than three months, owner of a one member limited liability company or a member of a limited liability company with two or more members, on the Board of Management, entering Vietnam to offer services, entering Vietnam to work/resolve an emergency technical or technologically complex situations and foreign lawyers.⁶

To obtain a work permit, a work permit application form must be submitted with the required documents attached (as listed on the application form). Work permit application forms can be obtained from the local Department of Labor, War Invalids and Social Affairs (DOLISA), which issues the work permits.

The work permit is separate from and in addition to the need for a valid visa. The employer is required to apply for a work permit; however, the employee is to provide all the necessary personal paperwork required for the work permit application dossier.

Once issued, the work permit remains the property of the employer and must be returned to the Labor Department when an employee ceases employment with the employer.

Work permit can be extended for a maximum duration of thirty six months for each extension. The application to file for extension must be lodged with DOLISA at least thirty days prior to expiry date.

Residence permits

Temporary Residence permit/cards (TRC) are required for long-term foreigners living in Vietnam. To obtain a TRC, an individual must apply to the Police Department and establish that he or she is currently employed in Vietnam by producing a work permit. The period of TRC will be depended on the length of time on the work permit. The TRC replaces the need for a visa.

B.10 Public holidays

National public holidays are listed below. Dates for the Vietnamese New Year (Tet) vary from year to year, because they are based on the lunar calendar.

⁶ Under Article 9 of Government Decree No. 34/2008/ND-CP dated 25 March 2008.

- i) 1 January - New Year's Day
- ii) January or February - Tet. This is the most significant Vietnamese annual holiday and is celebrated from the last day of the old lunar year to the third day, or later, of the New Year according to the traditional lunar calendar
- iii) 10th day of the 3rd lunar month - King Hung's death anniversary (Gio to Hung Vuong)
- iv) 30 April - Liberation Day
- v) 1 May - Labor Day
- vi) 2 September - National Day

B.11 Useful contacts

For a list of useful addresses and other contact details in Vietnam, please see Appendix 5 .

[illegible]

A vertical string of warm white incandescent light bulbs hangs against a dark, blurred background. The bulbs are connected by a dark cord and have black plastic sockets. The lighting is soft and warm, creating a cozy atmosphere. A semi-transparent grey rectangular box is positioned on the right side of the image, containing the title text.

Regulations on investment and enterprises

C. Regulations on investment and enterprises

C.1 Overview

All investment activities in Vietnam are regulated by the Law on Enterprise (LOE) passed by the National Assembly dated 29 November 2005 and the Law on Investment (LOI) passed by the National Assembly dated 29 November 2005. Both laws became effective as of 1 July 2006.

The LOE addresses the types of companies and business establishments permitted to operate in Vietnam, their governance, liability and way of operation.

The LOI includes provisions on investment activities, rights and obligations of investors, the registration and evaluation of investment projects, investment incentives, investment guarantees and State management of investment. This Law replaces the old Law on Foreign Investment in Vietnam and the Law on Encouragement in Domestic Investment and is commonly applicable to both foreign and domestic investors.

Vietnam has signed and acceded to various bilateral and multilateral arrangements on investment, such as agreements for the promotion and protection of investments with 60 countries and territories, the ASEAN Comprehensive Investment Agreement (ACIA), and ASEAN Free Trade Agreements with China, Korea, Australia - New Zealand, India and Japan, the BTA with the United States of America containing an investment charter, the Convention on the Establishment of the Multilateral Investment Guarantee Agency (MIGA), and other related international investment agreements.

Where the international agreements contain provisions inconsistent with the provisions of the legal instruments on FDI, the provisions of those international agreements shall be applied.

Vietnam officially joined the WTO on 7 November 2006 and put its commitments into force from 11 January 2007.

The accession of Vietnam to WTO has brought a positive impact to Vietnam's market and economy, including:

- i) The considerable reduction of import duties on goods for domestic production as well as for private and government consumption.
- ii) The liberalization of Vietnam's services market. The services sub-sectors that used to be closed or restricted to foreign investment (such as distribution, transport, telecommunication, finance, etc.) is largely liberalized from the year 2009.

C.2 Government owned industries and privatization

Since the undertaking of Doi Moi initiative, together with encouraging national private investment and progressively opening the economy to foreign investors, the Government of Vietnam has pursued its reform program for the State-owned Enterprises (SOEs) with an aim to improve their productivity and efficiency. The reform has been conducted in three phases (restructure, renovate and develop) through the implementation of 4 key measures:

- i) reform of SOE management;
- ii) reorganise and reinforce state owned general corporations;
- iii) SOE equitisations;
- iv) Transferring, contracting, leasing and selling of SOEs.

The equitization process, which consists of transforming SOEs into shareholding companies and selling part or all of the capital to employees and/or private investors, was initiated in 1991. By the end of 2011, over 3,976 SOEs have been equitised. There are 1,309 wholly state-owned enterprises (100% SOEs) including 101 Groups and General Corporations, 2 state-owned commercial banks⁷ and over 1,000 independent SOEs.

Since 2005, the equitisation is not only limited to small and medium SOEs, but also covers large General Corporations. Particularly notable are the equitisation in financial and banking sector including the National Insurance Corporation (Bao Viet) and Vietcombank in 2007, the Vietinbank in 2008, and most recently the BIDV in December 2011. According to the lately approved plan for SOEs reform, from now to 2015, 1,309 SOEs will be restructured including 573 equitized SOEs. Sizeable Groups, General Corporations which will be equitised by 2020 include PVN (Vietnam National Oil and Gas Group), Vinacomin (Vietnam National Coal - Mineral Industries Group), EVN (Vietnam Electricity Group), VNPT (Vietnam Posts & Telecommunications Group), Vinachem (Vietnam National Chemical Group), Vinacafe, (Vietnam National Coffee Corporation), VRG (Vietnam Rubber Group).

C.3 Investment guarantees

The Vietnamese Government guarantees fair treatment for investors. Investors' capital and other legal assets will not be expropriated or confiscated by law or administrative measures, and businesses with foreign-invested capital will not be nationalized. Foreign investors are allowed to remit abroad investment capital and profits, loan principal and interest, and other legal proceeds and assets.

Expatriates working for businesses with foreign-invested capital or for a BCC are allowed to remit their income abroad.

The interests of foreign investors are satisfactorily guaranteed in the event of

⁷ Vietnam Bank for Agriculture and Rural Development (AgriBank) and Mekong Housing Bank (MHB).

adverse effects caused by a change in law through the application of a number of measures. The LOI warrants that such changes will be disregarded or that disadvantages to the investor stemming from a change in law will be compensated by permission to amend its operations, the granting of compensatory tax exemptions or by other means of compensation for damages.

Moreover, where more favorable provisions are enacted, existing investors will be able to reap those benefits. Upon the completion of company liquidation procedures, foreign investors may transfer abroad any remaining capital.

C.4 Forms of enterprises

Limited liability Company

Under the LOE, the following forms of enterprise exist in Vietnam:

- i) Limited liability company with one member (one-member LLC)
- ii) Limited liability company with more than one members (LLC)

An LLC is a legal entity established by its members by way of capital contribution to the LLC. The capital contribution of each member is treated as equity. The members of an LLC are liable for the financial obligations of the LLC to the extent of their capital contributed - or undertaken to be contributed - to the LLC.

An LLC established by one or more foreign investors may take the form of either a 100% Foreign Owned Enterprise (FOE) (where all members are foreign investors) or of a foreign-invested joint-venture enterprise between one or more foreign investors and one or more domestic investors.

Joint stock company /shareholding company

A joint stock company (JSC) is a legal entity established by its founding shareholders on the basis of their subscription of shares of the JSC. The charter capital of a JSC is divided into shares and each founding shareholder holds a number of shares corresponding to their subscribed and paid up shares in the JSC.

A JSC is required to have at least three shareholders (with no maximum number of shareholders).

Partnerships

A partnership is required to have at least two members and the unlimited liability partners are liable for the obligations to the extent of all their assets.

Private enterprise

A private enterprise is owned by one individual who is liable for all activities of the enterprise to the extent of all his/her assets. Private enterprises may not issue any type of security. An individual may only establish one private enterprise.

C.5 Forms of direct investments

The LOI provides for the following basic forms of direct investment: joint ventures, 100% FOEs and contract-based investment (BCC or BOT/BT/BTO).

Joint venture

Fundamentally, the foreign investor and its Vietnamese partner jointly apply to establish a company. The investor has two ways to create a joint venture: (i) create a new enterprise (including merger & acquisition); or (ii) participate in an existing enterprise via the purchase of a proportion of the company's shares.

A joint venture may be established as a limited liability company with more than one member, as a joint stock company or as a partnership and is a legal entity with limited liability established on the basis of a joint venture contract between:

- i) A Vietnamese party and a foreign party
- ii) A Vietnamese party and a 100% FOE
- iii) A joint venture enterprise and a foreign party
- iv) A joint venture enterprise and a 100% FOE; or
- v) Two joint venture enterprises.

100% FOEs/wholly foreign-owned

A 100% FOE is a legal entity set up by one or more foreign investors under a form of enterprise as set out above. The common form of 100% FOE is an LLC or a JSC, except in cases where a partnership is a compulsory form.

Foreign investors are not subject to minimum investment capital restrictions.

Business cooperation contract (BCC)

A BCC is an agreement between one or more foreign investors and one or more Vietnamese partners with the objective of cooperating to operate one or more specific business activities. This form of investment does not constitute a new legal entity and the investors have unlimited liability for the debts of the BCC. Within the framework of Vietnamese law, the parties involved are free to decide on the subject, content, interests, obligations and responsibilities of and relations among the parties, and to specify these in the contract.

Build - Operate - Transfer, Build - Transfer, Build - Transfer - Operate or Build - Operate arrangements

Build Operate Transfer (BOT), Build Transfer Operate (BTO), Build Transfer (BT) and Build Operate (BO) investments are recognized under the Law on Investment, and further governed by a separate regulation of the government. Foreign investors may sign a BOT, BT and BTO contract with a competent state body to implement infrastructure construction projects in Vietnam. These are often in the areas of traffic, electricity production and trade, water supply or drainage, and waste

treatment. The rights and obligations of foreign investors will be regulated by the signed BOT, BT and BTO contracts.

Under BOT, the investor is fully in charge of construction and management of a project for a specific duration, after which the project is to be transferred to the state without any compensation.

Under BTO, the title has to be transferred to the state immediately upon completion of construction; however, the state will allow the investor to operate the project over the period of time agreed by both parties in the contract so that the investor can recover capital and reasonable profits.

Under BT, the project is transferred to the state on completion of construction and the State pays the investor by either granting the right to implement another project or making payment as agreed in the BT contract.

Other facilities for business and investment in Vietnam

► Branch

A branch office is a dependent unit of a foreign entity and may conduct commercial activities for direct profit-making purposes in line with international treaties to which Vietnam is a signatory.

Banks, tobacco companies, airlines, law firms, and foreign companies operating in the fields of culture, education and tourism allowed to establish branches in Vietnam. Foreign companies may also establish branches in Vietnam to conduct trading activities and activities directly related to trading of goods.

► Representative office

In addition to obtaining investment licenses for establishment of a legal entity in Vietnam, foreign companies which have business relations with Vietnam, or investment projects in Vietnam, can apply to open representative offices in Vietnam.

A Representative Office (RO) is not an independent legal entity and is not permitted to conduct direct commercial activities (such as execution of contracts, direct payment or receipt of monies, sale or purchase of goods, or provision of services). However, a RO can:

- i) Act as a liaison office to study the business environment
- ii) Search for trade and/or investment opportunities and partners
- iii) Act on behalf of its head office to negotiate and sign contracts for the supply or purchase of goods and services at the authorization of the parent company (care needs to be taken for tax purposes)
- iv) Supervise and accelerate the implementation of contracts
- v) Act on behalf of the parent company to supervise and direct the implementation of investment projects in Vietnam; and
- vi) Publicize and promote its company's goods and/or services

A RO is allowed to hire local Vietnamese and expatriate staff and conduct various administrative functions on behalf of its company. A RO may, however, not engage in any profit generating activities.

C.6 Investment incentives

Standard investment incentives offered to foreign investors and domestic businesses operating in Vietnam include reduced corporate tax rates, tax-free periods or tax reductions during the start-up phase, land-rent reductions and import-duty exemptions. Projects eligible for investment incentives are those that fall into the sectors of investment incentives and/or located in the geographical areas of investment incentives. Generally, the following incentives are available to investors:

Tax incentives

► Incentives on Corporate Income Tax

With effect from 1 January 2009, the Law on CIT introduces a standard CIT rate of 25% for both local enterprises and FICs.

Preferential rates

Other than the standard rate, preferential rates of 10% and 20% apply to a number of investment projects which satisfy certain conditions such as investment in certain fields of business and/or encouraged geographical locations.

Specifically:

i) CIT at 10% for 15 years:

The preferential tax rate applies to newly-established FICs from investment projects in areas with specially difficult socio-economic conditions as listed in the Appendix issued with Decree No.124/2008/ND-CP dated 11th December 2008 ("Decree 124") and in EZs and HTZs or newly-established FICs from investment projects in the sectors of (i) high-tech; scientific research and technological development; (ii) investment in development of water plants, power plants and water supply systems; in bridges, roads and railways; in airports, seaports and river-ports; in air fields, stations and other specially important infrastructure works as decided by the Prime Minister of the Government; and (iii) computer software products (the "Sectors").

ii) CIT at 10% for up to 30 years

In the case of newly-established FICs from investment projects in the Sectors which are on a large scale, with high-tech or new tech and which have a special need to attract investment, the duration of applicability of the preferential tax rate may be extended but the

total duration shall not exceed 30 years.

iii) CIT at 10% for the whole operational period

The preferential tax rate applies during the whole operational period to that part of income of any enterprise operating in the sectors of education and training, occupational or vocational training, medical health care, culture, sports and the environment (“Socialization Sectors”).

iv) CIT at 20% for 10 years

The preferential tax rate applies to newly-established FICs from investment projects in areas with difficult socio-economic conditions as listed in the Appendix of Decree 124.

The duration of applicability of the preferential tax rates is calculated consecutively from the first year in which the enterprise has turnover from the activity or operation entitled to the preferential tax rate. After the stated preferential tax rate expires, the normal CIT of 25% will be applicable for the remaining years of the relevant project.

With respect to oil and gas or rare and precious mineral exploitation projects, the CIT rate, subject to various conditions, ranges between 32% and 50%. A specific rate for these types of projects will be determined by the Prime Minister at the proposal of MOF.

CIT exemptions and reductions

In addition to preferential CIT rates, FICs and foreign parties to BCCs may enjoy CIT exemption between 2 to 4 years and a 50% reduction in CIT between 4 to 9 years subsequently. Specifically:

- i) Newly-established FICs from investment projects in (i) areas with specially difficult socio-economic conditions as listed in the Appendix of Decree 124, (ii) EZs and HTZs, and (iii) the Sectors are exempted from CIT for a period of 04 years and are entitled to a 50% reduction of the amount of CIT payable for a period of 09 subsequent years.
- ii) Newly-established FICs in the Socialization Sectors operating in areas other than areas with difficult or especially difficult socio-economic conditions as listed in the Appendix of Decree 124 are exempted from CIT for a period of 4 years and are entitled to a 50% reduction of the amount of CIT payable for a period of 5 subsequent years.
- iii) Newly-established FICs from investment projects in areas with difficult socio-economic conditions as listed in the Appendix of Decree 124 are exempted from CIT for a period of 2 years and are

entitled to a 50% reduction of the amount of CIT payable for a period of 4 subsequent years.

The duration of tax exemption and reduction is calculated consecutively from the first year in which the FIC has taxable income from an investment project. If an FIC does not have taxable income in the first three years as from the first year in which it has turnover from an investment project, then the duration of tax exemption and reduction is calculated from the fourth year.

The table below summarises the CIT preferential rates, exemptions and reductions:

| CIT Rate | Criteria | Period applicable | CIT exemption* | 50% CIT reduction when CIT exemption period expired* |
|---|--|--|----------------|--|
| 10% | Newly established enterprises in: | | 4 years | 9 years (5 years for newly-established enterprises in the Socialization Sectors operating in areas other than areas with difficult or specially difficult socio-economic conditions) |
| | Locations: with specially difficult socio-economic conditions; Economic Zones, High Tech Zone established under PM's decision | 15 years from the first year of revenue generation | | |
| | Sectors: high technology, scientific research and technology development, investment in development of specially important infrastructure facilities of the State; production of software products. | 15 years from the first year of revenue generation (maximum 30 years at PM's approval) | | |
| | Enterprise operating in the field of socialization (education - training, occupational training, health care, culture, port and the environment) | During the whole operation period | | |
| 20% | Newly established enterprise in areas of difficult socio-economic conditions | 10 years from the first year of revenue generation | 2 years | 4 years |
| | Agricultural service cooperatives and people's credit fund | During the whole operation period | N/A | N/A |
| 25% | Standard rate for all projects except for projects in the field of oil and gas or rare and precious mineral exploitation, which are subject to 32-50% CIT rates | N/A | N/A | N/A |
| Certain expenditures of enterprises in manufacturing, construction and transportation for female or ethnic minority labor are deducted from CIT <i>* The application of tax exemption/ reduction from the first profitable year. 3 year limit is introduced.</i> | | | | |

► Incentives on Import Tax

Import duty exemptions

Exemption from import duty is granted for:

- i) Goods temporarily imported, then re-exported, for exhibition purposes if they meet certain requirements
- ii) Goods imported to form fixed assets of projects which are included in encouraged projects in the Investment Law, including: machinery and equipment; certain means of transportation and construction materials (which cannot be produced in Vietnam; raw material, spare parts, etc.)
- iii) Certain goods imported by BOT enterprises and their contractors for carrying out BOT, BTO, BT projects
- iv) Certain goods imported for oil and gas activities
- v) Goods temporarily imported (and then re-exported) for carrying out ODA projects
- vi) Goods (i.e. material, semi-finished products) imported for implementing export processing contract with foreign parties, etc.

Incentives on Land Rental

The table below summarises the incentives on Land Rental:

| Projects | Exemption |
|--|-----------|
| In the list of investment encouragement sectors; new business development bases | 3 yrs |
| Invest in areas of difficult socio-economic conditions | 7 yrs |
| Invest in areas of specially difficult socio-economic conditions; in specially investment encouragement sectors; projects in the list of investment encouragement sectors investing in difficult socio-economic areas | 11 yrs |
| Projects in the list of specially investment encouragement sectors investing in areas of difficult socio-economic conditions or projects in the list of investment encouragement sectors investing in the areas of specially difficult socio-economic conditions | 15 yrs |

Sectoral investment incentives

► BOT projects

Incentives offered to BOT projects is regulated in the Decree 108/2009/ND-CP dated 27 November 2009 of the Government on investment under BOT/BTO/BT projects and Decree 24/2011/ND-CP dated 5 April 2011 on the amendment of Decree 108/2009/ND-CP.

The Government encourages the implementation of projects to build, operate and manage new infrastructure facilities or to improve, expand, modernize, operate and manage existing works in the following domains:

- i) Roads, road bridges, road tunnels and ferry landings;
- ii) Railways, railway bridges and railway tunnels;
- iii) Airports, seaports and river ports;
- iv) Clean water supply systems; water drainage systems; and wastewater and waste collection and treatment systems;
- v) Power plants and power transmission lines;
- vi) Works in health care, education and training, sport facilities, working offices
- vii) Other infrastructure facilities as decided by the Prime Minister.

The investment incentives given to BOT projects in the above fields include the following:

- i) Reduced Corporate Income Tax (CIT) rates of 10% or 20% relative to the statutory rate of 25%
- ii) Tax holiday for 4 years from the first profit-making year and a 50% reduction in the applicable rate for the following 9 years
- iii) Exemption from certain import and export duties; and
- iv) Exemption from paying land use fees

► **Projects located in economics zones**

Corporate Income Tax (CIT)

| Type of project | Corporate Income Tax (CIT) | | Remittance Tax |
|--------------------------------|---|---|----------------|
| | Tax rate | Tax holiday | |
| Projects inside Ezs | 10% within the first 15 years since the commencement of production 25% afterwards | ► Tax holiday within 4 years since earning profits ► 50% reduction within 9 years afterwards | None |
| High-tech projects inside Ezs | 10% within maximum of 30 years | | |
| Socialized projects inside Ezs | 10% applied to the whole duration of a project | | |

Other taxes

| Import Tax | | Value Added Tax (VAT) and Excise Tax | | | | Personal Income Tax |
|---|---|---|--|--|------------|------------------------------|
| Raw materials and materials - not yet domestically produced for manufacturing in IPs and EPZs | Commodities to form fixed assets for all projects in IPs, EPZs and EZs. | Good imported into EPZs, processing enterprises | Means of public transportation including bus and electric tramcars in IPs and EPZs | Goods manufactured in imported to non-tariff area in Ezs | Some cases | Experts and employees in Ezs |
| Tax holiday within 5 years | Tax holiday for the whole duration of the project | VAT 0% | VAT 0% | Exemption from Excise Tax and VAT | Repay VAT | 50% reduction |

Government supports in IPs, EPZs, and EZs infrastructure development

- i) Compensation and site clearance for IP infrastructure development in selected areas of difficult socio-economic conditions
- ii) Providing technical infrastructure “out of the fence” of IPs
- iii) Providing technical infrastructure “to the fence” of functional zones of EZs.
- iv) Compensation and site clearance for functional zones of Ezs and establishment of resettling areas for villagers whose land has been withdrawn by the Government
- v) Employees in Ezs shall rent houses (with land use right) inside the EZs
- vi) One rental fee applied to both foreign and domestic investors

Government supports in house building for IP employees

- i) Exemption from land rental fees
- ii) Enjoy corporate income tax, import tax, and other special investment incentives applied to List of special investment incentive sectors
- iii) Preferential or soft loans.

Government supports in waste treatment plant construction

- i) Exemption from land rental fees
- ii) Incentives of corporate income tax and export tax applied to specially investment incentive sectors
- iii) State budget for water treatment plant construction allocated in selected areas of difficult socio-economic conditions
- iv) Preferential or soft loans
- vi) State budget for sewage treatment plant construction in functional zones of EZs.

Incentives for projects in high - technologies (Law on High technology)

(List of high technologies and hi-tech products prioritized for development Prime Minister's Decision No. 49/ 2010/QĐ-TTg dated July 19, 2010)

- i) Hi-tech enterprises are entitled to the highest incentive level under the laws on Land, Corporate income tax, Value-added tax, Import duty and export duty;
- ii) The State supports the building of information, transport, electricity and water infrastructure, executive offices and waste treatment systems in hi-tech parks or hi-tech application agricultural parks.
- iii) Provincial-level People’s Committees shall, within the ambit of their

powers and tasks, conduct land clearance and create favorable conditions for organizations and individuals to invest in hi-tech parks or hi-tech application agricultural parks.

- iii) Eligible for fundings by the National Master plan on high technologies development
- iv) Eligible for financial aids by Funds for science and technology development and other Funds for activities in R&D, human resources training and technology transfers.

Incentives for projects in supporting industries (Prime Minister's decision No. 12/2011/QĐ-TTg dated February 24, 2011 on policies on development of a number of supporting industries)

Enterprises investing in supporting industries are entitled for these following incentives and assistance from the government:

- i) **Market development support:** Advertisement of their projects are posted on the official website of Ministry of Industry and Trade free of charge; financial support are offered for their trade and investment promotional expenses; facilitations are offered for their engagement in product and service supply chains.
- ii) **Infrastructure support:** They are prioritized in terms of land allocation; have access to the infrastructures, public and other services in industrial clusters and industrial zones; and get support in labor recruitment and training; They shall enjoy incentives of land for production for SMEs (in accordance with Decree 56/2009/ND-CP) and incentives on land under the laws on high technology.
- iii) **Science & Technology and labor training support:** They are considered for getting financial aid for part of the expenses of technology transfer, purchasing design copyright, softwares, hiring foreign experts, and human resources training
- iv) **Financial support:** They are considered for getting part of the State's credit for investment development; entitled to tax incentives in accordance with provisions of the Law on High Technology.
- v) **Supporting industries development:** Projects with products on the List of supporting industry's products with development priority will be given relevant incentives and support. Investors should develop their project application forms in accordance with current law and regulations, in which states their proposal for eligible incentives, then submit to the Appraisal Board of supporting industry projects for appraisal and approval to report to the Prime Minister for final decision.

Incentives for enterprises invest in agriculture and rural areas (Government's Decree no 61/2010/ND-CP dated June 4, 2010)

► Incentive on land lease:

| Projects | Incentive |
|---|--|
| Encouraged Agriculture projects | <ul style="list-style-type: none"> ► Entitled to the lowest rent rate within the land rent bracket prescribed by the Provincial People's Committee ► Exemption from land and water surface rents for the first 11 years. |
| Agriculture projects eligible for investment incentives | <ul style="list-style-type: none"> ► Entitled to the lowest rent rate within the land rent bracket prescribed by the provincial-level People's Committee ► Exemption from land and water surface rents for the first 15 years. |
| Agriculture projects eligible for special investment incentives | Exemption from land and water surface rents |

► Investment Support:

- i) Human resources training
- ii) Market development
- iii) Consultation services
- iv) Science technology application
- v) Transportation freight

C.7 Investment Licensing/Certification

Conditional sectors

In common with all countries, Vietnam reserves its sovereign right to restrict foreign investment in sensitive fields, namely the “conditional sectors”. Investment projects in conditional sectors must satisfy certain conditions in order to be licensed including the conditions regarding forms of investment, the conditions applicable to establishment of economic organizations and conditions on market access. Conditional sectors include:

- i) Broadcasting and television.
- ii) Production, publishing and distribution of cultural products.
- iii) Exploration and exploitation of minerals.

- iv) Establishment of infrastructure for telecommunications network, transmission and provision of internet and telecommunications services.
- v) Establishment of public postal network and provision of postal services and express services.
- vi) Construction and operation of river ports, sea ports, terminals and airports.
- vii) Transportation of goods and passengers by railway, airway, roadway and sea and inland waterways.
- viii) Catching of aquaculture.
- ix) Production of tobacco.
- x) Real estate business.
- xi) Import, export and distribution business.
- xii) Education and training.
- xiii) Hospitals and clinics.
- xiv) Other investment sectors in international treaties of which Vietnam is a member and which restrict the opening of the market to foreign investors.

Licensing authorities

The authorities who are authorized to issue establishment licenses (or Investment Certificate) to Vietnamese and foreign-owned companies include (i) the Prime Minister of the Government, who approves the “investment policy of investment projects in specific areas, (ii) the People’s Committees (PCs) in the provinces and cities under the central state administration; (iii) the management authorities of industrial zones, export processing zones, high-tech zones and economic zones in the provinces and cities under the central state administration (Management Authorities (MAs); and (iv) the Central authorities for investments in some sectors.

The hierarchy of the investment approval and licensing authority is as follows:

► **The Prime Minister will approve the following investment projects:**

The following investment projects, irrespective of the source of investment capital and scale of investment:

- i) Construction and commercial operation of airports; air transportation;
- ii) Construction and commercial operation of national sea ports;
- iii) Exploration, mining and processing of petroleum; exploration and mining of minerals;
- iv) Radio and television broadcasting;
- v) Commercial operation of casinos;

- vi) Production of cigarettes;
- vii) Establishment of university training establishments; and
- vii) Establishment of IZ, EPZ, HTZ and EZ.

The following investment projects, irrespective of the source of investment capital but with a total invested capital of VND 1,500 billion or more in the following sectors:

- i) Business in electricity, processing of minerals, metallurgy;
- ii) Construction of railway, road and internal waterway infrastructure; and
- iii) Production and business of alcohol, beer;

The following projects with foreign-invested capital in the following sectors:

- i) Commercial operation of sea transportation;
- ii) Construction of networks for and supply of postal and delivery, telecommunications and internet services, construction of wave transmission networks;
- iii) Printing and distributing newspapers and printed matter, publishing; and
- iv) Establishment of independent scientific research establishments.

In cases where the investment projects stipulated above are included in the master plan approved by the Prime Minister (or by an entity authorized by him) and satisfy the conditions in accordance with the laws of Vietnam and international treaties to which Vietnam is a member, the Licensing Authority will issue an investment certificate to the investor without making a submission to the Prime Minister for deciding an investment policy.

In cases where the investment projects stipulated above are not included in the master plan approved by the Prime Minister (or by an entity authorized by him) or do not satisfy conditions in international treaties to which Vietnam is a member, the Licensing Authority will obtain opinions from the relevant Ministries, MPI and other relevant bodies in order to collate and submit them to the Prime Minister for his decision on investment policy.

In cases where the investment projects stipulated above are in a sector for which there is no master plan yet, the Licensing Authority will obtain opinions from the relevant Ministries, MPI and other relevant bodies in order to collate and submit them to the Prime Minister for his decision on investment policy.

► **Provincial People's Committees**

The province's Department of Planning and Investment is the one-stop-shop assigned to handle the related technical issues, i.e. receiving application, reviewing application, etc.

- i) Projects outside Zones and not under PM's approval authority
- ii) Projects for development of infrastructure in Zones in localities with no MA

► **Management Authorities of IZ, EPZ, HTP and EZ:**

- i) Projects in the Zones and not under PM's approval authority
- ii) Projects for development of infrastructure in the Zones

► **Central authorities**

Central authorities issue investment certificates for investments in some sectors, specifically as follow:

- i) Ministry of Planning and Investment issue investment certificates for BOT, BTO, BT projects;
- ii) Ministry of Trade and Industry issues investment certificates for oil & gas projects;
- iii) State Bank of Vietnam issues investment certificates for credit institutions; and
- iv) Ministry of Finance issues investment certificates for insurance projects.

Licensing procedure

Depending on the size and the sector of investment, different licensing and registration procedures will be applied:

- i) Investment registration; or
- ii) Investment evaluation

Foreign investors investing in Vietnam for the first time must have an investment project and carry out either registration or evaluation procedures, in order for an IC to be issued.

► **Investment registration**

Foreign investment projects with a total invested capital of less than VND 300 billion (approximately USD 15 million) not falling in a conditional sector are subject to “investment registration” and foreign investors of such projects must carry out the procedures for investment registration in order to be granted an investment certificate. The investment certificate also serves as the business registration of the corporate entity.

Domestic investment projects with a total invested capital from VND 15 billion to less than VND 300 billion are also subject to “investment registration”. Subject to a request of the local investor, the Licensing Authority will issue an investment certificate to such investor.

Enterprises can subsequently register additional investment projects without the need to create a separate entity.

The procedure for “investment registration” is set out in Decree 108. Accordingly, the investor must submit application documents for investment registration to the Licensing Authority. The Licensing Authority shall check the documents and issue the

investment certificate to the investors within 15 working days of receiving the valid application.

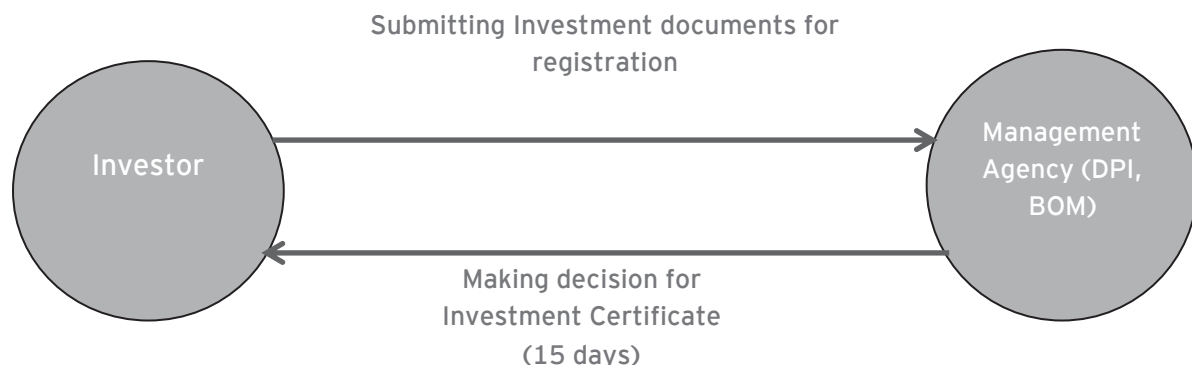


Chart 1: Investment Registration Procedures

► **Evaluation procedures**

Any investment project with a total invested capital of VND300 billion (approximately USD15 million) or more or investment projects falling in conditional sectors must undergo “an investment evaluation” by the Licensing Authority and other relevant authorities. There are two different types of evaluation:

- i) Evaluation for investment projects regardless of total invested capital falling into conditional sectors; and
- ii) Evaluation for investment projects with total invested capital of VND300 billion or more that do not fall into conditional sectors.

For the evaluation of investment projects with total invested capital of VND 300 billion or more, along with the application documents, the applicant must also submit an “economic - technical explanation” of the investment project to the Licensing Authority. This covers the economic - technical explanatory statement, objectives, scale, location, investment capital, implementation schedule, land use needs, and technological and environmental solutions of the investment project.

For the evaluation of investment projects falling in conditional sectors, in addition to the application documents, the investor must also demonstrate compliance with requirements specific to that conditional sector.

When assessing the application documents, the Licensing Authority may liaise with other relevant Ministries and authorities in evaluating the proposed investment project. Items to be evaluated shall comprise:

- i) Compliance with master planning/zoning for technical infrastructure, master planning/zoning for land use, master planning for construction, master planning for utilization of minerals and other natural resources;

- ii) Land use requirements;
- iii) Project implementation schedule;
- iv) Environmental solutions.

The LOI stipulates that the time-limit for evaluation of investment shall not exceed thirty (30) days from the date of receipt of a complete and valid file. In necessary cases, the above time-limit may be extended, but not beyond forty five (45) days.

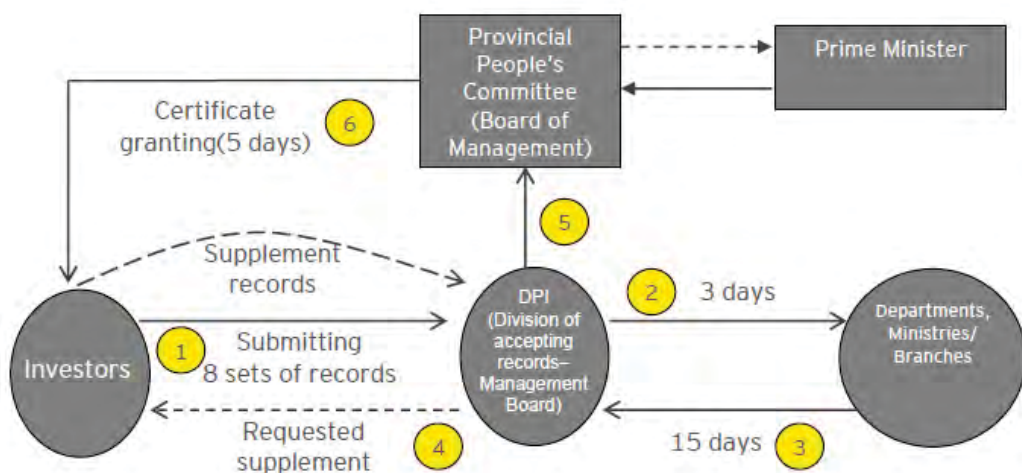


Chart 2: Investment Evaluation Procedures

Application dossier

In general, the following documents are required for the establishment of a 100% FOE⁸:

- i) Obtaining the seal and the seal registration
- ii) Placing an announcement of its establishment in a print or electronic newspaper permitted to be circulated in Vietnam in three consecutive issues
- iii) A list of investors in the prescribed format
- iv) A report of the financial capability of the investors
- v) An economic and technical explanation of the project "Feasibility Study"
- vi) An explanation of how the conditions will be satisfied
- vii) The investor's Certificate of Incorporation

Post licensing procedures

Upon obtaining the IC, an FOE is required to conduct certain administrative formalities, including, but not limited to:

⁸ Detailed guidance on application dossier is available in Decree 108/2006/ND-CP dated 22/9/2006

- i) Request for the issuance of an IC in the prescribed form
- ii) A draft charter of the company to be established
- iii) Opening a bank account
- iv) Registering the tax code
- v) Arranging accounting team/policy
- vi) Recruitment/register employees with relevant labor authorities

C.8 Labor and recruitment regulations

Labor recruitment by a Foreign Invested Enterprise

Under the revised Labor Code, a FOE may either directly recruit Vietnamese employees or recruit via an authorized labor agency. The FOE is then required to register the list of recruited Vietnamese employees with the local labor department, and submit reports on the utilization of and changes to staff to the labor department on a periodic basis.

Registration of expatriate employees

Expatriates working in Vietnam for 03 months or more must obtain a work permit. The term of a work permit is required to correspond with the length of the labour contract, which is capped at 36 months but may be extended at the employer's request.

Not less than twenty days before an expatriate's estimated date of commencement of work, an FIC must apply to MOLISA or its authorised agency to obtain a work permit for that expatriate. MOLISA or its authorised agency is obliged to give its decision within 15 days of its receipt of such application. Clear reasons must be provided if the application is refused. In addition, a work permit can be withdrawn in certain circumstances, including for a breach of the laws of Vietnam by the expatriate.

Five groups of foreigners working in Vietnam are exempt from the requirement of obtaining a work permit:

- i) Foreigners entering Vietnam to work for less than 03 months;
- ii) A member of a limited liability company with two or more members;
- iii) The owner of a one member limited liability company;
- iv) A member of the board of management of a shareholding company;
- v) A foreigner entering Vietnam to offer services;
- vi) Foreigners entering Vietnam to work to resolve an emergency situation such as a breakdown or a technically or technologically complex situation arising and affecting, or with the risk of affecting, production

and/or business which Vietnamese experts or foreign experts currently in Vietnam are unable to deal with. Such foreigners must carry out procedures for issuance of a work permit if their work extends for more than 03 months

- vii) Foreign lawyer to whom the Ministry of Justice has issued a certificate to practice law in Vietnam.

Not less than seven days prior to the date of commencement of work, foreigners who are exempted from work permit requirements must be registered at DOLISA where the employer's head office is located. The registration must state the name, age, nationality and passport number of the employee, the dates of commencement and termination of employment, and a description of the work to be done.

Social Insurance (SI), Health Insurance (HI) and Unemployment Insurance (UI) contributions for employees

The Law on Social Insurance (SI) became effective on 1 January 2007 providing guidance of SI and UI. The Law on Health Insurance (HI) became effective on 1 July 2009. SI and UI contributions are applicable to Vietnamese employees only. HI contributions are required for Vietnamese and foreign individuals who are employed under the Vietnam labor contracts.

The SI contributions, 16% by the employer and 6% by the employee, are required with respect to Vietnamese employees. SI contributions will increase to 17% by the employer and 7% by the employee with effect from 1 January 2012.

The UI contributions, 1% by the employer and 1% by the employee, are required with respect to Vietnamese employees. It is only required for the employer that has 10 employees or more.

The HI contributions, which are 3% by the employer and 1.5% by the employee, are also required to be made with respect to Vietnamese employees and also foreign employee (effective from 1 October 2010 onwards).

These contributions are calculated based on the contracted basic salary, but capped at 20 times the common minimum salary. The common minimum salary effective 1st May 2012 is VND 1,050,000/month (approximately USD 50).

Minimum salary

In accordance with Decree 70/2011/ND-CP dated 22 August 2011 of the Government, the regional based minimum wage levels for employees working for enterprises established under the Law on Enterprises, Vietnam-based foreign-invested enterprises, the cooperatives, farms, household, foreign organizations and international organizations from 01 October 2011 is divided into four levels depending on the location of the enterprises, detailed as follows:

- i) For enterprises located in Area I (urban districts of Hanoi, Ho Chi Minh City, Hai Phong, Dong Nai, Binh Duong, Baria-Vung Tau), the minimum salary is VND 2,000,000 per month.

- ii) For enterprises located in Area II (Hanoi and Ho Chi Minh City's rural districts, and in certain districts of surrounding provinces, such as Hai Phong, Quang Ninh, Vung Tau, Binh Duong, Dong Nai etc), the minimum salary is VND 1,780,000 per month.
- iii) For enterprises located in Area III (certain districts of provinces, such as Vinh Phuc, Quang Ninh, Khanh Hoa, Ninh Thuan, etc), the minimum salary is VND 1,550,000 per month.
- iv) The minimum salary of VND1,400,000 shall apply for enterprises located in Area IV (the remaining areas).

C.9 Mergers and acquisitions

Regulation

During the process of investment within Vietnam, businesses with foreign-invested capital and BCC are allowed to restructure their investment by way of division, separation, merger or consolidation, or foreign investors may convert their investment into a different legal form. Foreign investors can also transfer their interest to other entities.

The LOI provides that investors are permitted to (i) contribute capital to; and (ii) purchase shareholding in companies and branches operating in Vietnam. The ratio of capital contribution and purchase of shareholding by foreign investors in a number of sectors, industries and trades will be regulated by the Government.

Investors who intend to contribute capital, purchase shareholding, merge or acquire an enterprise in Vietnam must implement the provisions in the international treaties of which Vietnam is a member, with respect to the ratio of capital contribution, forms of investment and schedule for opening market; comply with the provisions on conditions for economic concentration of Law on Competition and LOE; and satisfy the conditions for investment if the investment project is in a sector which investment is conditional.

Buying shares in existing companies

Foreign investors who intend to acquire an interest in a joint venture company or a 100% FOE may do so by acquiring the capital contribution portion of another existing foreign investor. A new foreign investor may acquire some or all of the shares in an offshore company that holds the interest of an existing FOE, or the foreign party in a joint venture may acquire the capital contribution portion of its Vietnamese partner to convert the joint venture to a 100% FOE. A Vietnamese party to a joint venture may also buy the foreign investors' interest to become a 100% local entity.

Gains from transfer of shares shall be subject to income tax on capital gains.

C.10 Dispute settlement

In Vietnam, legal disputes may be settled by negotiation, in court or by domestic or foreign arbitration.

The judiciary

The hierarchy of Vietnamese courts include: (i) Supreme People's Court; (ii) Provincial People's Courts; and (iii) District People's Courts. The courts operate in five divisions: (i) Criminal; (ii) Civil; (iii) Administrative; (iv) Economic and (v) Labor.

Unlike common law countries, Vietnam does not follow the doctrine of precedence under which cases decided by judges in the past are used as authority for later cases. Judgments are based only on legislation and principles of interpretation of the laws.

Running parallel to the court systems is the People's Procuracy which is responsible for supervising the operation of judicial authorities and exercising the power of public prosecution. The People's Procuracy can lodge protests against a judgment and ask for its review.

Arbitration and dispute resolution

To supplement the court system, Vietnam has a system of independent arbitration centers, established under the Commercial Arbitration Ordinance (2003). An arbitral award given by an arbitration center or an arbitration panel established by the parties in accordance with the provisions of the Ordinance will be enforceable in Vietnam without need for prior recognition.

Disputes involving foreign investors may be also settled by foreign arbitration. In 1995, Vietnam became a member of the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. An arbitral award given by a foreign arbitration will be enforceable in Vietnam after it is recognized by a Vietnamese court.

Accordingly, where a dispute occurs between parties in a BCC, between parties in a joint venture contract, or between enterprises with foreign-owned capital or parties in a BCC and Vietnamese economic enterprises: these shall firstly be resolved through negotiation and conciliation. If the negotiation is not successful, the parties involved in the dispute can agree to use one of the following methods to settle:

- i) The Vietnamese court
- ii) A Vietnamese arbitration body (the Vietnam International Arbitration Center or an Economic Arbitration Center)
- iii) An international arbitration body; or
- iv) An arbitration tribunal as agreed by the parties, etc.

C.11 Exit provisions

The termination, liquidation, or dissolution of a FOE or a BCC shall occur in the following circumstances:

- i) Term of operation stated in investment license has expired
- ii) In accordance with JV contract, charter of company, etc.
- iii) In accordance with the decision by the investors
- iv) The licensing authorities decide to terminate the operation of a FOE or a BCC
- v) Relevant FOE or BCC is responsible for establishing a liquidation committee to liquidate the assets of the enterprises or of the BCC
- vi) Where the liquidation process is complete, the FOE or BCC must submit a report on the liquidation to licensing and other relevant authorities

C.12 Intellectual property

In recent years the Government has taken various measures to increase the legal protection of intellectual property, and created an environment of respect for intellectual property. Intellectual property rights are protected by the Civil Code (1995 and 2005), the Law on Intellectual Property (2005) and a host of subordinate legislation.

Vietnam is a long time signatory to the Paris Convention, the Madrid Agreement on International Trademark Registration, and the Patent Cooperation Treaty (PCT) and became a member of the World Intellectual Property Organization in 1976. On 27 June 1997, Vietnam entered into an Agreement on Copyright with the US. According to the Vietnam - US Bilateral Trade Agreement, Vietnam is also obliged to adhere to the Berne Convention.

The National Office of Industrial Property (NOIP) is the authority responsible for the registration of industrial property and the resolution of disputes with regard to industrial property in the first instance. Foreign organizations and individuals who seek to register their industrial ownership should file their applications through an authorized agent, who will transfer their application to the NOIP. Also, trademark license agreements must be registered with the NOIP. The Office of Copyright Protection under the Ministry of Culture and Information has also been established and is responsible for the protection of copyright. Works may be registered with the Ministry of Culture, Sports and Tourism.

Currently, patents are protected for a period of 20 years. A certificate of utility solutions may be granted for 10 years. A certificate of industrial design is granted for five years and may be renewed every five years; however, the total effective period of a certificate cannot exceed 15 years. Certificates of trademarks are granted for 10 years with no restrictions on the number of renewals. Some moral rights of

copyrighted works are protected indefinitely, and other rights are protected up to 50 years for post mortem actors.

C.13 Competition regulations

The Competition Law was passed in November 2004 by Vietnam's National Assembly. This law applies to business individuals and organizations, professional associations, including foreign enterprises operating in Vietnam, public utilities and state monopoly enterprises. If measures in other laws contradict the Competition Law, the latter will prevail. The Competition Law prohibits the following four broad types of anti-competitive activity:

- i) Agreements that substantially restrict competition
- ii) Abuse of a dominant or monopoly market position
- iii) Concentrations of economic power that substantially restricts competition; and
- iv) Acts of unhealthy competition

An enterprise in a dominant or monopoly market position is prohibited from carrying out the following practices aimed at maintaining or strengthening that market position:

- i) Deliberately (either directly or indirectly) increasing prices or temporarily reducing prices to below production cost
- ii) Limiting production or distribution, or restricting the market or technical or technological developments
- iii) Applying discriminatory commercial conditions
- iv) Imposing conditions for signing contracts for the purchase and sale of goods and services, or forcing other enterprises to agree to obligations that are not directly related to the object of the contract; or
- v) Preventing market entry by new competitors



Taxation

D. Taxation

D.1 Corporate Income Tax (CIT)

CIT rates

One uniform income tax regime is applied to both foreign-owned and domestic companies. Taxpayers are subject to tax rates provided in the CIT Law. The standard CIT rate effective from 1st January 2009 is 25%.

Oil and gas companies and companies involved in exploitation of precious minerals are subject to CIT at rates ranging from 32% to 50% depending on the specific project.

CIT incentives

Tax incentives and criteria for eligibility to tax holidays and reductions are set out in the CIT regulations and is elaborated in Part C6 of this Guidebook.

Computation of CIT

CIT is computed under the following formula:

| | | |
|-------------------|---|--|
| CIT payable | = | Assessable income * tax rate |
| Assessable income | = | Taxable income - (Tax exempt income + Loss carried forward in accordance with law) |
| Taxable income | = | (Turnover - Deductible expenses) + Other income |

Determination of taxable income

The taxable income of an enterprise is the income shown in the financial statements, subject to certain adjustments due to the differences between tax rules and accounting rules. Taxable income includes income derived by business operations and other activities (including income from the capital or securities transfer, transfer of immovable property which will be discussed in the next sections and extra earnings).

Deductibility of expenses

In general, expenses will be deductible provided that they are related to revenue generation, supported by proper invoices/documentation and not specifically identified as being non-deductible items for CIT calculation purposes. Examples of non-deductible expenses include:

- i) Depreciation of fixed assets which is not in accordance with the prevailing regulations

- ii) Employee remuneration expenses which are not actually paid or are not stated in one of the following documents: labour contract, collective labour agreement, financial regulations and reward regulations
- iii) Life insurance premiums for employees
- iv) Interest on loans from non-credit institution organizations or non-economic organizations exceeding 1.5 times of the basic interest rate set by the SBV
- v) Interest on loans corresponding to the portion of charter capital not yet contributed
- vi) Provisions for stock devaluation, bad debts, financial investment losses, product warranties, or construction work which are not in accordance with the prevailing Ministry of Finance's regulations
- vii) Accrued expenses
- viii) Advertising, promotion (except certain items), conferences/parties, commissions, prompt payment discounts exceeding 10% of total other deductible expenses (this cap is increased to 15% for newly-established enterprises for the first 3 operating years)
- ix) Donations except certain donations for education, health care, natural disasters, or building charitable homes for the poor
- x) Management expenses allocated to permanent establishments in Vietnam by the foreign company's head office which are not in accordance with the regulations
- xi) Administrative penalties
- xii) Creditable input VAT
- xiii) Etc.

For certain businesses, such as insurance companies, securities trading, and lotteries, the Ministry of Finance provides specific guidance on deductible expenses for CIT purposes.

Business entities in Vietnam are allowed to set up a tax deductible Research and Development fund with the amount up to 10% of assessable income to the fund.

Tax depreciation

Depreciation for tax purposes must follow the Ministry of Finance regulations. Current regulations on fixed asset depreciation provide three methods for calculation of fixed asset depreciation. Among the regulatory methods, the straight-line method is the most common.

Depreciation rates must be in accordance with the Ministry of Finance's rules. A brief summary of maximum allowable annual depreciation rates are as follows:

| Categories | Annual depreciation rate (%) |
|---|------------------------------|
| Machinery and equipment | 5 - 50 |
| Means of transportation | 3.3 - 16.6 |
| Solid house/building | 2 - 4 |
| Other types of houses and buildings | 4 - 16.6 |
| Warehouses, containers, bridges, roads, parking places, and driving yards | 5 - 20 |
| Other construction work | 10 - 20 |

Accelerated depreciation is possible in certain cases. The accelerated depreciation rate shall be capped at 2 times higher than the rate set by the Ministry of Finance.

Loss carried forward

Taxpayers are allowed to carry forward their losses incurred in operations for a maximum period of five years. Carrying back losses is not allowed. Loss must be carried forward entirely and continuously to the following year. The tax year is in accordance with fiscal year which is the calendar year as regulated. A tax year (fiscal year) other than calendar year is allowable. In this case, notification to the relevant local tax authorities on a different fiscal year is required.

Provisional quarterly CIT returns are required to be filed based on either actual revenue/expenses arising in the quarter or the estimated ratio of taxable income over revenue deriving from the previous year's result. The provisional return has to be submitted to tax authorities by the 30th day of the following quarter. Provisional CIT must be paid at the time of submitting the return.

The final CIT is filed on an annual basis. The annual tax finalization return must be submitted within 90 days from the end of the tax year (fiscal year). Outstanding tax (if any) must be paid on the same day the final return is submitted.

The amounts of CIT shall be assessed and payable where the business has its main head office and where the business has its dependently accounting production establishments (if they are in a province or city under central authority other than the locality of the main head office).

The amount of tax payable in the province where the enterprise has its dependant establishment shall equal the amount of CIT payable in the period multiplied by the ratio of expenses of the dependant establishment over the total expenses of the enterprise.

The enterprise lodges its annual tax finalization with the local tax authority where the head-quarter is located. The outstanding CIT payable upon finalization shall equal the amount payable in accordance with the tax finalization less the provisional quarterly tax paid amounts by its headquarters and its dependant establishments. The outstanding or refundable tax amount after tax finalization

shall also be allocated at the same ratio to the places where the head-quarter and its dependant establishments are located.

Profit remittance

Foreign investors shall be permitted to remit their profits annually at the end of the financial year or upon termination of the investment in Vietnam after their tax obligations in Vietnam are fulfilled. Foreign investors are not permitted to remit profits if the investee company has accumulated losses.

The foreign investor or the investee company are required to notify the tax authorities of the plan to remit profits at least 7 working days prior to the scheduled remittance.

Income tax on capital gains and from transfers of securities

Gains from a capital transfer (capital gains) or the sale of securities (including shares, bonds, fund certificates and other regulated securities) are taxed at 25% CIT.

The taxable gain is determined as the excess of the sales proceeds less purchase price of transferred capital portion less transfer expenses.

Where the transferor is a domestic business, they shall be responsible for declaring the gains from capital and securities transfer as other income in their CIT declaration.

Where the capital transferor is a foreign organization having no legal status in Vietnam, the transferee is required to withhold the tax due from the payment to the transferor, and account for this to the tax authorities. Where the transferor and the transferee are foreign organizations, the Vietnamese entity will be responsible for tax declaration and payment on behalf of these parties. The tax return and payment is required within 10 days from the date of the approval of the assignment by the competent authorities or the date of the assignment agreement in case no approval is required.

When foreign investment funds or foreign organizations having no legal status in Vietnam sell securities, e.g. shares (listed or non-listed), CIT is payable on a deemed basis at 0.1% of the total value of the securities sold.

In respect to bonds, 0.1% CIT will be calculated on the face value of the bond plus interest at the time the interest is received.

Income tax on transfer of immovable property

Income from transfer of immovable property includes those from transfer on LUR, land leased rights, sub-lease of land of real estate companies irrespective of whether or not there are any associated infrastructure and/or architecture work.

The assessable income from the transfer will be calculated based on the sale proceeds less the initial cost less deductible transfer expenses less losses carried forward (if any) from immovable transfer activities of previous years. CIT rate of

25% will apply.

If a company does not regularly conduct immovable property assignments, the gain on such transfer should be provisionally declared per each transaction. At the year-end, it will be included in the annual CIT finalization of the company.

D.2 Value Added Tax (VAT)

Overall

Under the conventional VAT system, output tax is collected from a customer by adding VAT at the applicable rate to the amount charged. However, a business also pays input VAT to its suppliers on purchases that it makes. The output tax must be paid to the tax offices after deducting the creditable input VAT. The tax is actually borne by the end consumer or enterprises which engage in goods/services supply not subject to VAT.

Scope of VAT application

VAT is applicable to goods and services consumed within Vietnam. VAT is also applied at the import stage on imported goods. The import VAT must be paid to relevant customs concurrently with the import duty payment.

VAT exemption

There are 26 categories of goods and services out of the scope of VAT application. Examples of these include:

- i) Transfer of LURs
- ii) Credit services
- iii) Financial derivative services
- iv) Certain insurance services (including life and non-commercial insurance)
- v) Medical services
- vi) Cross border leases of drilling rigs, aero planes, and ships which cannot be produced in Vietnam
- vii) Equipment, machinery, spare parts, specialized means of transportation and necessary materials used for prospecting, exploration and development of oil and gas fields (which cannot be produced in Vietnam)
- viii) Goods in transit or trans-shipment via the territory of Vietnam; goods temporarily imported and re-exported and goods temporarily exported and re-imported; and raw materials imported for production or processing of goods for export in accordance with production or processing contracts for export signed with foreign parties

- ix) Imported goods and goods or services to be sold to organizations and individuals for humanitarian aid or non-refundable aid (subject to limitations)

VAT rates

The standard VAT rate is 10%. A 0% rate applies to exported goods and services subject to certain conditions. A 5% rate exists for “essential” goods and services such as clean water, fertilizer, teaching aids, books, foodstuffs, medicine and medical equipment, husbandry feed, various agricultural products and services, technical/scientific services, rubber latex, sugar and its by products.

Output VAT calculation

The output VAT is calculated by multiplying the taxable price (net of VAT) by the applicable VAT rate.

Claiming input VAT credit

Input VAT (including input VAT withheld on FCs under the withholding tax mechanism) credit must be claimed within 6 months from the month that the invoice is issued. Input VAT credit that is beyond this time limit will be rejected.

In case the invoice total value (i.e. sale price plus VAT) is VND 20 million or more, a bank payment proof must be made available for the input VAT to be claimable.

Method of VAT calculation

VAT regulations provide two methods of VAT calculation:

► Deduction method

Under this method, VAT payable is calculated as the output VAT charged to customers less the creditable input VAT paid on purchases of goods and services. Proper bookkeeping and invoices are requisite requirements for applying for this method.

► Direct method

In order to calculate VAT payable under this method, the added value in the period must firstly be calculated. The applicable VAT rate shall be applied to the added value to calculate the VAT payable.

Enterprises which fail to satisfy the requirements on book keeping/invoices and certain deemed goods/services (i.e. trading gold/foreign currency) shall be deemed to apply for this method.

VAT administrative

► VAT code registration

All businesses (including foreign contractors, branches, operating offices of foreign organizations in certain cases) must register for a VAT code with local tax

authorities within 10 working days from the date the investment license or certificate of business registration is granted.

► **VAT declaration and payment**

The filing due date for monthly VAT return is 20th of the following month. VAT payable is required to be settled on the same due date.

► **VAT refund**

An input VAT refund is allowed in certain cases (e.g. input VAT credit is larger than output VAT for 3 consecutive months). A refund may be conducted monthly, quarterly or annually depending on the circumstances of taxpayers.

D.3 Foreign contractor tax

The Foreign Contractor Tax (FCT) regime applies to payments made by a Vietnamese contracting party to a foreign entity carrying out projects in Vietnam, or providing services to Vietnamese customers without setting up a legal entity in Vietnam, except for the pure supply of goods at border gates, services performed and consumed outside of Vietnam, and certain other services performed outside of Vietnam (such as repair of transportation means, machinery and equipment; advertising and marketing services; brokerage services; training, etc.).

A foreign contractor (FC) is defined to include a foreign individual or entity that does business in Vietnam or have income arising in Vietnam on the basis of a contract, agreement or undertaking between such foreign contractor and a Vietnamese organization or individual.

The FCT consists of two components (i.e. VAT and CIT). The rates vary depending on the nature of the payment.

FCT payment methods

A FC may choose either of the following methods for tax payment:

► **Deduction method**

According to this method, FCs will file VAT under the deduction method in accordance with VAT Law and declare CIT on the actual net profits at the standard tax rate in accordance with CIT Law. The FC can recover the input VAT charged by the local subcontractors.

In order to adopt this method, FC is required to satisfy the following conditions:

- i) FC has a PE in Vietnam or tax residents of Vietnam
- ii) The duration of the project in Vietnam is more than 182 days

iii) FCs adopt the full Vietnamese Accounting System (VAS)

► **Direct method**

FC who fails to satisfy one of the above-mentioned conditions shall adopt the direct method. Under this method, VAT and CIT shall be withheld and filed by the Vietnamese contracting party upon the payment to the FC. VAT and CIT shall be defined based on a deemed %age of taxable turnover. The deemed tax rates depend on the nature of service performance and the type of goods supplied. The VAT element withheld will be available as an input VAT credit to the Vietnamese contracting party if it supplies goods/services subject to VAT.

The deemed VAT and CIT rates under the Direct Method are as follows:

| Industry | Effective VAT rate | Deemed CIT rate |
|---|--------------------|-----------------|
| Trading: distribution, supply of goods, materials, machinery and equipment in Vietnam | Exempt | 1% |
| General services | 5% | 5% |
| Services together with provision of goods | 3% | 2% |
| Construction, installation without supply of materials or machinery, equipment | 5% | 2% |
| Construction, installation with supply of materials or machinery, equipment | 3% | 2% |
| Leasing of machinery and equipment | 5% | 5% |
| Leasing of aircraft, vessels (including components) | Not specified | 2% |
| Transportation | 3% | 2% |
| Interest | Exempt | 10% |
| Royalties | Exempt | 10% |
| Re-insurance | Exempt | 2% |
| Transfer of securities | Exempt | 0.1% |
| Manufacturing, other business activities | 3% | 2% |

► **Hybrid method**

Under this method, the FCT regime permits that where a FC adopts simplified VAS (instead of full VAS), it may choose to pay VAT under Deduction Method and CIT under Direct Method.

Foreign tax relief

Vietnam has signed tax treaties with many countries that provide relief from double taxation.

D.4 Export duty and import duty

Exports

► **Standard Customs documentation**

Customs entry as to entry of commodities for commercial purposes will typically include the following documents, attached with declaration:

- i) Sale contract,
- ii) Commercial invoice,
- iii) Certificate of origin (if any),
- iv) Packing list,
- v) Bill of Lading, Airway Bill or other transport document,
- vi) Detailed list of imported goods if there are a variety of goods or variety of packing,
- vii) Value declarations (when necessary),
- viii) Other documents depending on the entry, including but not limited to Import License, Proof of Export (e.g. copy of export customs declaration), Inspection Certificates, Certificates of Quality (e.g. issued by the manufacturer), Other certificates/import licenses of the Ministry of Health, Sanitary Certificates, and others, as required by the local Customs.

Preparation of commercial documentation to accompany shipment to be exported, in addition to declaration:

- i) Sale contract,
- ii) Invoice for exports,
- iii) Detailed list of imported goods if there are a variety of goods or variety of packing,
- iv) Packing list,

- v) Bill of lading,
- vi) Shipper's manifest,
- vii) Export clearance documentation: export license (if required), supporting documents for duty examination (if any), others, as required by the local Customs.

► **Export duty**

Export duty is only imposed on a few items, basically natural resources, such as ore and minerals, plants and parts of plants of a kind used primarily in perfumery, in pharmacy or, and scrap metal. These rates range from 0% to 40%. The basis for calculating export duties is the free on board (FOB) price, or delivery at frontier (DAF) price - that is, the selling price of goods at the exporting port as stated in the contract, excluding freight and insurance costs.

Imports

► **Import duty tariff**

Import duty is generally assessed on an ad valorem (on value) basis. The Ministry of Finance (MOF) is the authorized Government body which is responsible for tax policy making and accordingly introducing tariff for imports into Vietnam. In practice, the policy making process in relation to import tariff is complex due to the involvement of other ministries, e.g. the Ministry of Trade and Industry, industry association, and State-owned general corporations.

Import duty tariffs fall into three categories: standard rates, preferential rates and special preferential rates.

- i) Standard rates which apply to commodities from all countries where no preferential or specially preferential duty treatment is available. The standard rates are 150% of the Most-Favoured Nation (MFN) rates;
- ii) Preferential rates which apply to commodities originated from countries with which Vietnam has executed MFN treatment in trade relations, consisting of approximately 164 countries (Vietnam is presently a member of the WTO and applies preferential rates to member countries from the accession.);
- iii) Specially preferential rates which are stipulated in a particular Tariff Schedule of the MOF and normally applicable to commodities originated from countries with which Vietnam has entered into a free trade agreement. Such FTAs may include the ASEAN Trade in Goods Agreement (ATIGA), the ASEAN-China Free Trade Area Agreement (ACFTA), the ASEAN-Korea Free Trade Area Agreement (AKFTA), the ASEAN-Australia and New Zealand Free Trade Area Agreement (AANZFTA), the ASEAN-India Free Trade Area Agreement (AIFTA), and the Agreement on Comprehensive Economic Partnership among Japan and Asean nations (AJCEP).

To qualify for special preferential rates, the imported goods must be accompanied by particular Certificate of Origin (C/O). Without the C/O or if goods are sourced from non-preferential treatment countries, the preferential (i.e. MFN) rates or the standard rates will be imposed.

► **Import dutiable valuation**

The dutiable value of imported goods for calculation of import duty is generally in accordance with the WTO Valuation Agreement 1994 with certain modifications. Commonly, the dutiable value of imported goods is the price actually paid or payable for the imported goods to the first check-point of importation of Vietnam, which is primarily determined as the Transaction Value, taking into consideration of certain adjusted elements. Where the Transaction Value is unable to be defined or the determination is not satisfied, alternative methodologies are used in a hierarchical order:

- i) Transaction Value of imported Identical Goods;
- ii) Transaction Value of imported Similar Goods;
- iii) Deductive Value;
- iv) Computed Value; and
- v) Fall-back Method.

► **Import duty exemptions**

Exemption from import duty is granted, among others, for:

- i) Goods temporarily imported, then re-exported, for exhibition purposes if they meet certain requirements;
- ii) Goods imported to form fixed assets of projects which are included in encouraged projects as prescribed, including: machinery and equipment; certain means of transportation raw material and spare parts M&E, and construction materials which cannot be produced in Vietnam;
- iii) Certain goods imported for oil and gas activities;
- iv) Goods temporarily imported (and then re-exported) for carrying out ODA projects;
- v) Goods (i.e. material, semi-finished products) imported for implementing export processing contract with foreign parties, etc.

D.5 Special sales tax (SST)

SST which is similar to excise tax applies on certain imported and domestically produced goods and certain provisions of services which are not encouraged for domestic consumption or those considered luxurious.

Under SST regulations, subjects of SST include:

- i) Commodities: cigarettes, beer, spirits, automobiles, motor vehicles with cylinder capacity above 125cm³, aircraft and yachts⁹, fuel, air conditioners up to 90,000 BTU, playing cards, votive paper; and
- ii) Services: casinos, betting entertainment (i.e. horse and motor racing), discotheques, massage, karaoke, jackpot games, slot games¹⁰, golf clubs and lotteries

Taxable price

- i) For domestically produced goods, the taxable price is the selling price exclusive of SST and VAT, and is determined as follows:

| | | |
|-------------------|---|---------------------------|
| SST taxable price | = | Sales price excluding VAT |
| | | 1 + SST rate |

- ii) For imported goods: taxable price is the dutiable price (which is the CIF price) plus import duty
- iii) Taxable price for certain goods (i.e. canned beer, etc.) or particular cases that are provided in SST regulations

SST rates vary from 10% to 70%¹¹ as follows:

⁹ Motor vehicle, aircraft and yacht are newly added by the Law No.27/2008/QH11 on SST

¹⁰ Slot games is newly added by the Law No. 27/2008/QH11 on SST

¹¹ Law No.27/2008/QH11 on SST

| Goods/services | Tax rates (%) |
|--|--|
| Cigars/cigarettes | 65 |
| Spirits/wine | 20 - 65 ¹² 25 - 50 ¹³ |
| Automobiles | 10 - 60 |
| Motor vehicles with cylinder capacity above 125cm3 | 20 |
| Aircraft and yachts | 30 |
| Fuel | 10 |
| Air-conditioners (equal or less than 90,000BTU) | 10 |
| Playing cards | 40 |
| Votive paper | 70 |
| Discotheques | 40 |
| Massage salons, karaoke | 30 |
| Casinos, jackpot games, betting entertainment | 30 |
| Golf clubs | 20 |
| Lottery | 15 |

D.6 Business license tax

A FOE is required to pay business license taxes on an annual basis (at the beginning of the calendar year) at the following rates:

| Level of business license tax | Registered capital (VND billion) | Business license tax Payable per year (VND) |
|-------------------------------|-------------------------------------|--|
| Level 1 | Over 10 | 3,000,000 |
| Level 2 | From 5 to 10 | 2,000,000 |
| Level 3 | From 2 to 5 | 1,500,000 |
| Level 4 | Below 2 | 1,000,000 |

¹² Applicable up to 31 December 2009

¹³ New SST rates apply from 1 January 2010

D.7 Environment Protection Tax

The Law on environment protection tax took effect from 1st January 2012. The environment protection tax is an indirect tax which is applicable upon the production and importation of certain goods including petroleum products. The tax is calculated as an absolute amount on the quantity of the goods.

D.8 Natural Resources Tax

Natural resources tax is payable by industries exploiting Vietnam's natural resources such as petroleum, minerals, forest products, seafood and natural water. The tax rates vary depending on the natural resource being exploited and are applied to the production output at a specified taxable value per unit.

D.9 Taxes on individuals: Personal Income Tax

Taxpayers

Tax is imposed based on residency status. Residents are taxed on their total worldwide income, while non-residents are subject to tax on their Vietnam sourced income only. There are different tax rates for residents and non-residents and for various types of income.

Resident taxpayers are those who:

- i) Stay in Vietnam for an aggregate of 183 days or more in 12 consecutive months from the first date of arrival or in a calendar year; or
- ii) Have a regular residential location in Vietnam (including a permanent/registered residence, or a house lease in Vietnam where the lease contract has a term of ninety (90) days or more within a tax year)

Pursuant to Official Letter 3473/TCT-TNCN issued by General Department of Taxation on 8th September 2010, an individual who stays in Vietnam for more than ninety (90) days (whether or not maintaining leased accommodation) but less than one hundred and eighty three (183) days in one (1) calendar year or in twelve (12) consecutive months will be considered as tax non-resident in Vietnam for PIT purposes provided that he/she can prove his/her residency in a country other than Vietnam. The original tax residency certificate is required to be submitted to the Vietnam tax authorities in this case.

Resident taxpayers are subject to PIT on their worldwide income at progressive tax rates regardless of where the income is paid.

Non-resident taxpayers are those who live in Vietnam for either less than ninety (90) days or more than ninety (90) days but less than one hundred and eighty three (183) days in one (1) calendar year or in twelve (12) consecutive months and are tax residents of another country. Tax non-residents are subject to PIT at

a flat tax rate of 20% on their employment income in relation to the work performed in Vietnam, and at various rates on their non-employment income. In some cases, the provisions of any applicable DTA could provide some tax relief.

Taxable income

Taxable income includes employment, non-employment and business income. Employment income covers all income received by the employee from their employer in cash or in kind, such as:

- i) Salary, wages and remuneration, bonus, allowance and subsidies
- ii) Income received from participating in professional and business associations, company's board of management, management councils, etc.
- iii) Benefits-in-kind paid by the employer including, but not limited to, housing rental, electricity, water charges and other utilities, premiums for non-compulsory insurance, certain membership fees (conditions apply), and other benefits provided in accordance with applicable laws

Some items of income that were previously non-taxable are now included in taxable under the new PIT scope including non-employment income, such as income from capital investment, capital transfer, transfer of real property, income from winnings, royalties, commercial franchises, inheritance and gifts.

In addition, business income of individuals which was governed by the Law on CIT is now included under the PIT scope.

Non-taxable income

Non taxable income includes:

- i) Interest on money deposited at banks, credit institutions (in Vietnam) and from life insurance policies
- ii) Excess of night shift or overtime salaries/wages over the normal hours stipulated in the Vietnam Labour Code
- iii) Compensation payments from life and non-life insurance policies
- iv) Pension payments to individuals under applicable social insurance laws
- v) Income from property transfers between husband and wife, parents and children
- vi) Income from inheritance/gifts between husband and wife, parents and children
- vii) One off allowance for relocation to Vietnam
- viii) Once per year home leave round trip airfare for expatriate employees
- ix) School fee for expatriate employees' children from primary to high

school in Vietnam

x) Training expenses

xi) Mid shift meal (subject to a cap)

xii) Per diem (subject to a cap)

xiii) Payment for uniform/ telephone/ stationery (subject to a cap)

Tax deductions and tax relief

Certain tax deductions and relief are deductible against business income and employment income as follows:

- i) Personal relief of VND 4 million per month or VND48 million per year is automatically granted to the taxpayer
- ii) Dependants' relief of VND 1.6 million per month per dependant or VND 19.2 million per year. Dependant relief is subject to certain conditions and is not automatically granted to the taxpayer. Registration form and supporting documentation is required to claim the dependent relief
- iii) Compulsory statutory contributions in accordance with the provisions of the Law
- iv) Contributions to certain charitable, humanitarian and educational promotion funds

►Tax rates

The progressive tax rates for resident foreigners and Vietnamese citizens for business income and employment income are as follows:

| Level | Taxable income/ annual (VND million) | Taxable income/ month (VND million) | Tax rate (%) |
|-------|---|--|-----------------|
| 1 | Up to 60 | Up to 5 | 5 |
| 2 | Above 60 to 120 | Above 5 to 10 | 10 |
| 3 | Above 120 to 216 | Above 10 to 18 | 15 |
| 4 | Above 216 to 384 | Above 18 to 32 | 20 |
| 5 | Above 384 to 624 | Above 32 to 52 | 25 |
| 6 | Above 624 to 960 | Above 52 to 80 | 30 |
| 7 | Above 960 | Above 80 | 35 |

Other taxable income and the relevant tax rate applicable are as follows:

| | Tax rate (%) |
|---|--------------|
| 1. Income from capital investment | 5 |
| 2. Income from franchising, royalties (*) | 5 |
| 3. Income from prize-winnings, inheritances and gifts (*) | 10 |
| 4a. Income from capital transfers | 20 |
| 4b. Income from share transfers | 0.1 |
| 5a. Income from real-estate transfers | 20 |
| 5b. Income from real-estate transfers where cost value is unable to be determined | 2 |

Non-residents are taxed at 20% of their employment income in relation to the work performed in Vietnam. The following table represents other kinds of taxable income and the tax rates applicable:

| Items | Tax rate (%) |
|--|--------------|
| 1. Income from salary, wages | 20 |
| 2. Income from business activities | |
| ► For business activities in goods | 1 |
| ► For business activities in services | 5 |
| ► For business activities in production, construction, transportation and other activities | 2 |
| 3. Income from capital investment | 5 |
| 4. Income from franchising, royalties (*) | 5 |
| 5. Income from prize-winnings, inheritances and gifts (*) | 10 |
| 6. Income from capital transfers | 0.1 |
| 7. Income from real-estate transfers | 2 |

Note: () taxed on part of income exceeding VND 10 million only.*

Where the income received is on net basis, it is required to be grossed up to reflect the tax on tax calculation for Vietnam PIT calculation purposes. Formulas for grossing up are provided under Circular 84/2008/TT-BTC.

Administration

► Tax code registration

Tax registration is compulsory for income paying bodies and individuals having income subject to PIT. The place for submission of the tax registration form is the tax office directly in charge of the income paying body and/or individual.

An expatriate employee must secure a tax code within 10 days from the date of commencement of his/her assignment in Vietnam.

► Tax filing and payment

PIT liability is required to be filed and paid on a monthly basis on the 20th day of the following month in respect of employment income. The employer is required to withhold tax from the employee's income, declare and pay tax to the state budget. Monthly PIT payments will be reconciled at the end of each calendar year.

An individual is required to file tax directly with the tax authority if his employment income is paid by overseas organizations and/or individuals. Likewise, non-employment income is required to be declared by the individual separately per each type of taxable income and the applicable tax rate as provided in the regulations.

A foreign resident individual terminating their employment contract in Vietnam is required to submit the tax final return before departure of Vietnam.

D.10 Double tax relief and tax treaties

Vietnam has signed a double tax treaty with more than 60 countries. Some treaties have not been enforceable as yet.

A close-up photograph of several stacks of coins. In the foreground, there are two distinct stacks: one on the left with a mix of copper and silver coins, and one on the right with mostly silver coins. In the background, a very tall, thin stack of silver coins is visible, slightly out of focus. The coins are resting on a light-colored, textured surface. The lighting is soft, creating gentle shadows and highlighting the metallic textures of the coins.

Financial Report and Auditing

E. Financial Reports and Auditing

E.1 Statutory requirements

A newly established company is required to appoint a chief accountant, who meets the qualifications prescribed under the Accounting Law, within the first fiscal year. During this period, a qualified accountant appointed by the Foreign Invested Enterprise (FIE) shall be responsible over all accounting activities.

All FIEs operating in Vietnam are required to apply the Vietnamese Accounting Standards and System (VAS) as statutory financial reporting framework and comply with the relevant statutory requirements.

Provided that VAS is applied without modifications, the registration for the use of VAS with the MOF is not required.

E.2 Accounting principles and practices

Source

The VAS is comprised of the Vietnamese Accounting Standards, the Accounting System for Enterprises and any related guidance promulgated by the Department of Accounting and Auditing Policy of the Ministry of Finance (MOF).

An official English translation of the VAS had also been published by the MOF and is widely circulated.

Applicability

The VAS applies to state-owned and private Vietnamese companies as well as to FIEs. The VAS prescribes in detail the method by which transactions are to be accounted for, including the use of specific accounting codes and account names. The VAS also prescribes a standard chart of accounts, the format of internal accounting documentation, the bookkeeping journals for all types of transactions to be used, and a financial statement and disclosure template. All accounting records are required to be maintained in the Vietnamese language or both Vietnamese and a foreign language. The required accounting currency is the Vietnam Dong (VND) and the entity is only allowed to choose a currency other than the VND as accounting currency if it meets certain criteria (e.g. major sales and purchase transactions are made in the chosen accounting currency) as stated in Circular 244/2009/TT-BTC dated 31st December 2009 issued by the MOF. Any financial statements, which are prepared in currency other than VND, are required to be converted into VND using interbank exchange rate as at reporting date and should be certified by an independent auditor.

Any deviations from the VAS require prior approval from the MOF.

VAS and International Financial Reporting Standards

Recognizing the need for the harmonization of the VAS with International Financial Reporting Standards (IFRS), formerly known as International Accounting Standards (IAS), the MOF has released a total of 26 Vietnamese Accounting Standards, which are as follows:

| | |
|--------|---|
| VAS 1 | Framework |
| VAS 2 | Inventories |
| VAS 3 | Tangible fixed assets |
| VAS 4 | Intangible fixed assets |
| VAS 5 | Investment property |
| VAS 6 | Leases |
| VAS 7 | Accounting for investments in associates |
| VAS 8 | Financial reporting of interests in joint ventures |
| VAS 10 | The effects of changes in foreign exchange rates |
| VAS 11 | Business combination |
| VAS 14 | Revenues and other incomes |
| VAS 15 | Construction contracts |
| VAS 16 | Borrowing costs |
| VAS 17 | Income tax |
| VAS 18 | Provisions, contingent liabilities and contingent assets |
| VAS 19 | Insurance contracts |
| VAS 21 | Presentation of financial statement |
| VAS 22 | Disclosures in the financial statements of banks and similar financial institutions |
| VAS 23 | Events after the balance sheet date |

| | |
|--------|--|
| VAS 24 | Cash flow statements |
| VAS 25 | Consolidated financial statements and accounting for investments in subsidiaries |
| VAS 26 | Related parties disclosures |
| VAS 27 | Interim financial reporting |
| VAS 28 | Segment reporting |
| VAS 29 | Changes in accounting policies, accounting estimates and errors |

Currently, there are industry-specific accounting guidelines for insurance companies, security trading companies and financial institutions that supplement the VAS.

The accounting and reporting regimes of banks, leasing and financial institutions are further governed by regulations issued by the State Bank of Vietnam.

E.3 Disclosure, reporting and filing requirements

Report format and disclosure requirements

The basic set of financial statements prepared under VAS is comprised of the following:

- i) Balance sheet, including a separate schedule for off balance sheet items
- ii) Income statement
- iii) Cash flow statement; and
- iv) Notes to the financial statements

Flexibility in the preparation of VAS financial statements is limited in that the report format and disclosure requirements have been prescribed by the MOF. The information required to be disclosed in the notes to the financial statements include among others: a disclosure on the change in equity, calculation of taxable income, commitments and contingencies and related-party transactions.

Reporting and filing requirements

Financial statements must be prepared annually, audited and filed with the following:

- i) The city or provincial tax office
- ii) The MPI or the relevant delegated investment license-granting authority in the case of FIEs

iii) The General Statistics Office (GSO).

For enterprises located in an Export Processing Zone (EPZ) or Industrial Zone (IZ), financial statements will be filed with EPZ or IZ Management Board if required.

All FIEs and parties to BCCs are required to file annual audited financial statements. Companies must file their audited financial statements within 90 days after the close of their registered financial period.

An enterprise's financial year is generally the calendar year. A formal notice should be lodged with local tax authorities if there is a change in financial year.

As for the newly established company, if period from the establishment date to the nearest reporting date is less than 90 days, such period will be aggregated with the following reporting year.

It is required that any change in an entity's legal form, merger, business combination and split require separate reporting at date of the change. If the period from nearest reporting date to the date of change is less than 90 days, such period is to be aggregated with the previous reporting year.

Retention of documents and other accounting records

The following general guidelines apply to the retention of documents and other accounting records:

- i) Documents to be kept for at least five years include those used for management or operation of the enterprise
- ii) Documents to be kept for at least 10 years include accounting data, accounting books, financial statements and reports of independent auditing firms
- iii) Documents to be kept permanently include those that are significant in terms of economics, national security and defense

Accounting treatment of establishment and pre-operating expenses

Establishment costs are those incurred before the establishment of the FIE, meaning before the date of the Investment Certificate, whereas pre-operating expenses are those incurred from the establishment date to the date the business goes into commercial operation.

VAS prescribes two alternative approaches in accounting for establishment costs and certain pre-operating expenses (including training and advertisement expenses) as follows: (a) charged to the income statement as incurred; or (b) capitalized as deferred assets and amortized over a period not exceeding three years.

E.4 Audit requirements

Under existing regulations, the annual financial statements of FIEs, listed entities, BCCs, insurance companies, financial institutions and state-owned enterprises are required to be audited by a duly licensed independent audit company.

Audit contracts should be signed with the independent auditors no later than 30 days before the close of the entity's financial year in accordance with Decree 105/2004/ND-CP dated 30th March 2004 and Law on Independent Auditing with effect from 1 January 2012.



Foreign Exchange Control

F. Foreign Exchange Control

F.1 Restrictions on the use of foreign currency

Within the territory of Vietnam, all transactions, payments, listings and advertisements of residents and non-residents must not be affected in foreign exchange except for the following cases:

- i) Transactions with credit institutions and other institutions permitted to provide foreign exchange services
- ii) Residents being organizations shall be permitted to transfer capital internally by a telegraphic transfer of foreign currency (as between an entity with legal status and a dependent accounting entity or vice versa)
- iii) Residents shall be permitted to contribute capital in foreign currency in order to implement a foreign investment project in Vietnam
- iv) Residents shall be permitted to receive payment by a telegraphic transfer of foreign currency pursuant to a contract entrusting import or export.
- v) Residents being domestic or Foreign Contractors (FCs) shall be permitted to receive payment by a telegraphic transfer of foreign currency from investors or head contractors in order to make payment and disbursement transactions and to remit money overseas.
- vi) Residents being institutions providing insurance business services shall be permitted to receive a telegraphic transfer of foreign currency from insurance purchasers for all types of goods and services which must be reinsured offshore
- vii) Residents being institutions conducting business in duty free goods, providing services in separated areas in international border gates or providing customs bond warehouse services shall be permitted to receive payment in foreign currency and VND for the supply of goods and services.
- viii) Residents being customs and police offices of international border gates and customs bond warehouses shall be permitted to receive foreign currency from non-residents for all types of taxes and fees for entry/exit visas and fees for the provision of services.
- ix) Non-residents being diplomatic offices and consulates shall be permitted to collect fees for entry/exit visas and other types of fees and charges in foreign currency.
- x) Non-resident and residents being foreigners shall be permitted to receive salary, bonuses and allowances in foreign currency from residents and non-residents being organizations.

- xi) Non-residents shall be permitted to make telegraphic transfers of foreign currency to other non-residents or to make payment to residents of money for the export of goods and services.

Other necessary cases after consideration by and permission from the Governor of the SBV¹⁴.

F.2 Use of foreign currency cash by individuals

- i) Residents and non-residents being individuals with foreign currency cash shall be permitted to store or carry such cash personally to donate or bequeath it, to sell it to an authorized credit institution, to remit or carry it overseas to service lawful purposes, or to pay it to entities entitled to collect foreign currency pursuant to this Decree.
- ii) Residents being individuals with foreign currency cash shall be permitted to deposit it in savings accounts at authorized credit institutions, and to withdraw the principal in and to receive interest in foreign currency cash in accordance with the Law on foreign currency savings accounts¹⁵.
- iii) Individuals being Vietnamese citizen shall be entitled to buy foreign currencies in cash at authorized credit institutions to satisfy their foreign currency demands shall be entitled to buy foreign currency which is the local currency of the country where Vietnamese citizen come. Where they do not have local currency of the country where Vietnamese citizen come, authorized credit institutions shall sell other freely convertible foreign currencies.¹⁶
- iv) Individuals being Vietnamese citizen shall be entitled to buy foreign currencies in cash at authorized credit institutions to satisfy their demands for foreign currencies as stipulated in Paragraph 1, Article 2 of this Circular with the limit of USD 100/1 person/1 day or other foreign currencies with the same value within the time of ten (10) days when they stay in foreign countries. The above foreign currency limit is also applicable to children sharing passport with their parent.¹⁷
- v) Any individual who carries foreign currency in cash upon entry into the country and has a demand for depositing that amount of foreign currency in his foreign currency payment account opened at an authorized credit institution.
- vi) The individual shall present the authorized credit institution with an entry and exit Declaration with confirmation of the border Customs on the amount

¹⁴ Article 29, Chapter IV of Decree No. 160-2006-ND-CP on providing regulations for implementation of ordinance on foreign exchange control. (Decree No. 160)

¹⁵ Article 32 of Decree No. 160

¹⁶ Article 4 of Circular No. 20/2011

¹⁷ Article 5 of Circular 20/2011/TT-NHNN

of the foreign currency in cash carried into the country. When performing the transaction for the customer, the authorized credit institution shall provide its seal for confirming the foreign currency amount deposited to the foreign currency payment account on the original copy of the entry and exit Declaration, and keep 1 copy of the Declaration at the same time.

- vii) The entry and exit Declaration with confirmation of border Customs shall only be valid for the individual's deposit of foreign currency in his foreign currency payment account within a period of 60 days since the date stated on the Declaration.¹⁸

F.3 Use of VND by non-residents

Non residents being organizations and individuals shall be permitted to open and use VND accounts at authorized credit institutions in order to implement the following revenue and disbursement transactions:

- i) To collect proceeds from sale of foreign currency to an authorized credit institution
- ii) To collect revenue from other legal sources in Vietnam
- iii) To make cash payments or to withdraw cash to spend in Vietnam
- iv) To disburse in payment of a current transaction of capital transaction in accordance with this Decree
- v) To disburse by way of gift or payment of an inheritance in accordance with law
- vi) To disburse by way of purchase of foreign currency at an authorized credit institution for remittance abroad
- vii) To disburse for other purposes permitted by law¹⁹

F.4 Use of currencies of countries with a common border with Vietnam

Residents being organizations and individuals who have lawful revenue in currencies of a country with a common border with Vietnam from activities of export and import goods and services or who have other lawful revenue shall be permitted to open VND accounts at authorized credit institutions in order to implement the following revenue and disbursement transactions:

- i) To collect proceeds from the sale of goods and services
- ii) To collect proceeds being the purchase at an authorized credit institution

¹⁸ Article 4 of Circular No. 20/2011/TT-NHNN

¹⁹ Article 33 of Decree No. 160: Use of VND by non-residents

- of a currency of a country with a common border
- iii) To collect revenue from other legal sources in Vietnam
- iv) To disburse by way of payment for the import of goods or services
- v) To disburse by way of sale to an authorized credit institution or exchange bureau
- vi) To withdraw in cash in order to pay salary, bonuses and allowances to foreigners working for an organization or to spend in a country with a common border
- vii) To disburse for other purposes permitted by law

The use of currencies of countries with common borders with Vietnam to purchase or sell goods in border areas and in economic zones of border gates must comply with regulations of the SBV.²⁰

F.5 Exchange rates

The foreign exchange rate is set by averaging rates from the previous day's inter-bank transactions. This crawling peg system has established a trading band that allows VND/USD exchange deals to be executed within a tight band. The Government is, however, planning to move towards a more market-determined exchange rate in coming years.

Daily spot exchange rates are announced by the SBV based on the previous day's average rate on the interbank market. From 11th Feb 2011 other banks must then trade within +/- 1% of this official rate instead of +/- 3% previously.

F.6 Opening of bank accounts by foreign invested enterprises

Enterprises with foreign owned capital and foreign parties to business co-operation contracts must open a direct investment capital foreign currency account at an authorized credit institution in order to implement the following revenue and disbursement transactions:

- i) Receipt of charter capital monetary contributions, receipt of capital for implementation of direct investment and receipt of medium and long-term foreign loan capital
- ii) Receipt of foreign currency from a foreign currency savings account of a resident being an enterprise with foreign owned capital or a foreign party to a business co-operation contract
- iii) Disbursement of foreign currency remitted into a foreign currency savings account of a resident being an enterprise with foreign owned capital

²⁰ Article 35 of Decree No. 160: Use of currencies with a common border with Vietnam

- iv) Disbursement to outside Vietnam of principal, interest and fees on a foreign medium or long term loan
- v) Disbursement to outside Vietnam of capital, profit and other legal revenue of a foreign investor
- vi) Other revenue and disbursement transactions relating to direct foreign investment activities.²¹

In addition, Foreign Invested Enterprises (FIEs) may open current accounts in a foreign currency and VND at authorized banks in Vietnam for their business transactions.

F.7 Registration of overseas borrowings²²

All medium and long-term loans from foreign sources must be registered with and periodically reported to the SBV. The borrower is required to comply with several other requirements in purchasing foreign currency from financial institutions to repay the loan, e.g. the repayment must be in line with the repayment schedule.

Within 15 working-days since day receiving completed and valid documents, SBV replied in official letter about approval or rejection of overseas borrowings or issuing international bonds project of state owned commercial banks. In case of rejection, the SBV must have documents stated the reasons clearly.

Monthly and yearly, state-owned commercial banks are required to report directly to the SBV statement of overseas borrowings. The deadline for submission is no later than 10th of the next month and 31st January of the next year for monthly and yearly report respectively.

²¹ Article 11: Decree No. 160

²² Circular 18/2011/TT-NHNN



Land use related regulations

G. Land Use Related Regulations

The State of Vietnam, on behalf of the entire people, owns and administers land, and land-users own the rights to use land (“land use right”). Ownership and use of land are mostly governed by the Land Law 2003, and its amendments and implementing regulations. On the broadest level of laws, the Civil Code also covers issues relating to land and property.

G.1 Land use rights and land use right certificate

The Land Use Right Certificate is a certificate of ownership of the Land Use Right. With respect to Land Use Right Certificate concerning Apartment Owners, land use rights of the land an apartment building is built on are owned jointly by the building's unit owners.

At first, the initial Land Use Right certificate is issued to the developer. Then, when the developer sells units in a building, the apartment owner receives a Land Use Right Certificate stating the land is jointly owned and the developer's Land Use Right Certificate is amended to reflect the joint ownership. For common areas used by one or more apartment buildings, separate Land Use Right Certificate may be issued to the developer or the management company.

Foreign investors in Vietnam could obtain the Land Use Right by way of either (i) capital contribution in the form of the Land Use Right value by the local partner to a JVC, or (ii) land lease directly from certain permitted lessors, including the State.

G.2 Land Lease

In case the foreign investor does not prefer obtaining the LUR in the form of capital contributions from the local partner to a JVC, or in case a foreign investor wants to set up a 100% foreign owned enterprise, such investor may consider leasing the land directly from the Government after he/she establishes an enterprise in Vietnam. Lessors permitted to lease land to foreign invested companies

Foreign invested companies in Vietnam could lease land from the Government or sublease land from an infrastructure developer. In addition, the current Land Law has allowed foreign invested companies, which are set up by foreign investors in Vietnam to lease land from:

- i) Vietnamese economic organizations, including State owned companies, private joint stock companies and limited liability companies;
- ii) Overseas Vietnamese; or
- iii) An existing foreign invested company which leases land from the Government and develops infrastructure facilities on the land,

provided that this existing foreign invested company has paid land rental for the whole land lease term.

The Land Law allows the lessor who has obtained the land under the "allocation" regime to lease his or her land to foreign invested companies. Only one exception where the land obtained by the lessor under the "lease" regime can be subleased to foreign invested companies is the case that the landlord has leased the relevant land before the effective date of the new Land Law, i.e. 1 July 2004, and the land rentals have been prepaid in full for the whole lease term or for the majority of the term providing that the remaining prepaid term is of at least 5 years.

Lease term

The lease term must be consistent with the duration of the approved project provided that it must not exceed 50 years or, in some special circumstances, 70 years. The extension of the lease term may be allowed by the Government upon expiry if the lessee wants to continue to use the land.

Rights of foreign-invested companies to the land leased

The LUR of foreign investors shall vary depending on the payment arrangement of land rentals. Where land is being leased from the Government, the Land Law contemplates two payment methods for land rental:

- i) Annual rental payment (the "Annual Payment"); and
- ii) One-off payment of rentals for the entire lease term (the "One-off Payment").

Under a land lease for the Annual Payment, the foreign invested company could use the land only and is not allowed to transfer, sub-lease or mortgage the LUR.

Foreign invested companies adopting the One-off Payment regime are entitled to transferring land use rights and assets attached to the land (foreign investors with an Annual Payment plan may only transfer assets attached to land); subleasing land and assets attached to the land; contributing land use rights and assets attached to the land as capital to joint ventures; mortgaging or guaranteeing land use rights and assets to credit institutions in Vietnam during the term.

Another additional right of residential housing developers is to sell or lease houses together with the LUR over their project site to others when the foundation of the houses has been constructed thereon. Purchasers can be Vietnamese households, individuals or organizations. Foreign individuals working in Vietnam or foreign-invested enterprises can buy one or a number of apartments in a commercial residential housing zone for their expatriates' residence, which is subject to certain conditions provided by the law.

Furthermore, the project site can also be transferred to a corporate entity for the latter to continue the project (i.e., project assignment).



Land Prices

The land price may be determined in three ways:

- i) By the relevant People's Committee;
- ii) Via auction; or
- iii) By land users upon transfer/lease, sublease of land use rights or contribution of land use rights as capital.

The State determines land prices based on actual value of land in normal circumstances.

The provincial People's Committee is authorized to issue an official land tariff for various types of land every year. Such official land tariff must not be 20% higher than the maximum price or 20% lower than the minimum price in the land price framework provided by law.

The State determines prices for the purposes of:

- i) Assessing land use tax, income tax for the transfer of land use rights, land use registration fees, compensation when land use rights are withdrawn by the State, penalties for those that violate the Land Law causing harm to the State, and land rentals;
- ii) Putting a project that involves land out for bidding; and
- iii) Calculating LUR value when land is allocated without a land use fee.

Lease of Commercial Property

As an alternative to leasing a piece of land, service or software companies may consider leasing an office in a commercial building.

Another alternative is leasing an office or factory from another company located in an IZ or EPZ.

Notarization of Land Contracts

Under the Vietnamese Land Law, all contracts related to land transactions must be notarized at the notary public office, except for the transfer or lease of a property of which the owner or the landlord is licensed to do real estate business.

Land Clearance

Under the Land Law, foreign organisations and individuals and overseas Vietnamese investing in Vietnam are not required to pay compensation and assistance for the resettlement of residents. However, if these have been paid in advance, it will be deducted from the relevant rental.

The State will take charge of site clearance and compensation to displaced land users when withdrawing land for use by foreign organisations and individuals and oversee

as Vietnamese. Foreign investors may enter negotiations directly with the current land users regarding site clearance and compensation.

G.3 Apartments owned by foreigners

Which residential houses are eligible for sale and purchase?

Residential houses which foreign organizations and individuals are allowed to purchase and own are apartments built under projects on development of residential houses for commercial purposes and not located in areas in which residence or travel by foreigners is restricted or banned.

Who is eligible for purchase of residential houses in Vietnam?

The following foreign organizations and individuals are allowed to purchase and own residential houses in Vietnam:

- i) Foreign individuals who make direct investment in Vietnam under the Investment Law, or are hired to work as managers by enterprises operating in Vietnam under the Enterprises Law, including domestic enterprises and foreign-invested enterprises;
- ii) Foreign individuals who have made contributions to Vietnam and are conferred orders or medals by the President of the Socialist Republic of Vietnam; foreign individuals who have made special contributions to Vietnam as decided by the Prime Minister;
- iii) Foreign individuals who are working in socio-economic domains and possess university or higher degrees, and specialists in field for which Vietnam has demand;
- iv) Foreign individuals who marry Vietnamese citizens;
- v) Foreign-invested enterprises which are operating in Vietnam under the investment law but not engaged in real estate business, and wish to purchase residential houses for their employees.

What conditions must an eligible person satisfy?

Individuals defined in (1), (2), (3) and (4) above must be residing in Vietnam, permitted by competent state agencies to reside in Vietnam for at least one year, and ineligible for diplomatic or consular privileges and immunities under Vietnamese law. Those people may own only one apartment in a commercial housing development project. In case he/she is donated or inherits another residential house, he/she can only choose to own that apartment while enjoying the value of the donated or inherited residential house.

Foreign-invested enterprises specified in (5) must possess investment certificates or written certifications of investment activities as appropriate to investment forms

specified by the Investment Law (investment certificates) granted by a competent Vietnamese state agency. Such foreign-invested enterprises may own one or a number of apartments in a commercial housing development project for its employees. In case the enterprise is being donated or inherits other residential houses (not in a commercial housing development project), it can only own those apartments while enjoying the value of the donated or inherited residential houses.

Can Non-Vietnamese own an apartment permanently?

An eligible individual may own an apartment for a maximum 50 years from the date of grant of the residential house ownership certificates as stated in the residential house ownership certificates. Within twelve months after the expiration of the duration of owning residential houses in Vietnam, such individual must sell or donate his/her apartment.

An eligible foreign-invested enterprise may own apartments for a duration stated in its investment certificate, including also for an extended duration. Such duration is counted from the date the enterprise is granted a residential house ownership certificate as stated in such certificate. Upon the expiration of licensed investment durations or in case of dissolution or bankruptcy of the enterprise, its apartments shall be handled in accordance with the provisions of Vietnamese law.

What are the rights of an apartment owner?

An apartment owner can only sell or donate its apartment after twelve months from the date the ownership certificate is granted to him/her. In case the owner can no longer reside in Vietnam, he/she may sell or donate its apartment ahead of the time limit specified above.

Such an owner has the right to use the apartment only for residential purposes, but is not allowed to lease out, or use the apartment for working or office or for other purposes. The owner can also mortgage the apartment at credit institutions licensed to operate in Vietnam.



Environment

H. Environment

Vietnam enacted its first Law on Protection of the Environment in 1993. In line with international trends on greater awareness of environmental issues, a new, more comprehensive law was introduced in 2005. Recent years have seen an even further heightening of environmental consciousness and concern in Vietnam.

Generally, Vietnam's environmental laws require investors to:

- i) Take environmental protection measures in the manner set out in their Environmental Impact Assessment Reports or Environmental Protection Undertakings (discussed further below);
- ii) Prevent and restrict adverse impacts on the environment from their activities, including appropriate minimisation and management of waste;
- iii) Comply with applicable environmental standards (including technical standards on the quality of soil, water, air, noise, light and radiation);
- iv) Rectify any environmental pollution created by their activities; and pay environmental taxes and protection charges.

H.1 State management

The Ministry of Natural Resources and Environment (MONRE) is the primary authority responsible for environmental matters. Among other tasks MONRE:

- i) Evaluates strategic environmental assessment reports;
- ii) Issues certificates of satisfaction of environmental standards; and
- iii) Supervises, inspects and deals with breaches of the environmental laws.

In addition, other ministries and state bodies are entrusted with responsibility for particular aspects of environmental protection and management. In particular, the People's Committees at all levels organise the evaluation and approval of environmental impact assessment reports while the Natural Resources and Environment Inspectorate supervises activities and inspects manufacturing businesses and services establishments for compliance. Large projects, including most mining projects and industrial zones, require an approved Environmental Impact Assessment Report.

H.2 Environmental Impact

Environmental Impact Assessment Reports (EIARs)

Certain types of projects require preparation of an EIAR. The list of applicable projects includes nationally important (large) projects, telecommunications

construction projects, industrial zones, many light and heavy manufacturing facilities, most mining projects and large-scale tourism and entertainment projects.

- i) EIARs assess the environmental status of the project site and potential environmental impacts and set out specific measures and undertakings to minimise adverse impacts of the project on the environment and to take appropriate measures to protect the environment. They must also contain any opinions of local authorities and community representatives should there be any objection on environmental grounds to the project or disagreement with the proposed environmental protection measures.
- ii) EIARs are prepared concurrently with the feasibility studies for these projects.
- iii) Project owners may prepare the EIARs themselves, or hire a qualified consultancy firm to do so.
- iv) EIARs are submitted for appraisal to MONRE, relevant ministries or Provincial People's Committees depending on the type of project, and in particular the level of authority required to approve the project.
- v) Where an EIAR is mandatory, the project may only be approved and issued with an Investment Certificate, construction permit or operational permit once the EIAR has been approved.

Environmental protection undertakings (EPUs)

Manufacturing, business and services enterprises which are not required to prepare an EIAR must make written EPUs which are registered with the local District People's Committee. The undertakings cover location, form and scale of the establishment as well as the energy used and types of waste produced. They must also include an undertaking to minimise and treat waste and comply with environmental laws. A certificate showing registration of the EPUs is required before manufacturing or other business activities may commence.



**Technology
transfer**

I. Technology Transfer

Technology transfer in Vietnam is regulated by the following:

- i) Law on Technology Transfer (“LTT”) which took effect on 1st July 2007;
- ii) Decree 133/2008/ND-CP of the Government dated 31 December 2008 guiding the implementation of LTT (“Decree 133”).

The LTT has seven chapters with 61 articles, dealing with objects eligible for transfer; technologies encouraged for, restricted to, and prohibited from transfer; technology transfer agreements; technology transfer services (including technology transfer brokerage, appraisal, evaluation, assessment and promotion); measures for encouraging and boosting technology transfers; approval and registration of technology transfers; and handling disputes, claims, denouncements and breaches in technology transfers.

11. General Principles

The LTT defines technology as solutions, processes and know-how, which may or may not be associated with tools and means, to turn resources into products.

Technologies are classified under the LTT into technologies encouraged for transfer, technologies the transfer of which are restricted, and technologies prohibited from transfer. Decree 133 provides a list of technologies encouraged, restricted, and prohibited, for transfer.

The term “transfer of technology” refers to either the transfer of the right to own the technology or the licensing/sublicensing of the right to use the technology either by an individual or a corporation.

In cases where objects of the technology transfer have already been protected as objects of industrial property, the transfer of ownership of such technology must be implemented together with transfer of ownership of the industrial property rights in accordance with the law on intellectual property. The actual transfer of such industrial property rights is subject to intellectual property regulations and falls outside the ambit of the technology transfer regulations.

The transfer of a technology may be in the form of an independent technology transfer contract or in a section on technology transfer in the following projects or contracts: investment project; franchising contract; contract transferring industrial property rights; contract for purchase and sale of machinery or equipment to which the transfer of a technology is attached.

I2. Technology Transfer Contract

The contract is the basis for performance, ensuring the legality of the transfer of technology, and setting payments and methods to resolve disputes. Technology Transfer Contracts (TTCs) can be agreed in a written contract or other equivalent forms, such as telegram, telex, fax, data messages and other forms as permitted by law. The parties are also allowed to choose the language of the TTC. In the case of a transaction in Vietnam, a Vietnamese version is required. The Vietnamese and foreign language versions are of equal validity.

The parties to a TTC may reach an agreement on the following particulars:

- i) Name of the TTC, clearly stating the name of the transferred technology;
- ii) The technology object which is being transferred and the products created from the technology;
- iii) Transfer of the ownership of and/or right to use the technology;
- iv) Method of transfer of the technology;
- vi) Rights and obligations of the parties;
- vii) Price and mode of payment;
- vii) Date of effectiveness and term of validity of the TTC;
- viii) Definition of terms and concepts (if any) used in the TTC;
- ix) Plan and schedule for transfer of technology, and location for implementing the transfer of technology;
- x) Liability to provide a warrant for the transferred technology;
- xi) Penalties for breach of the TTC;
- xii) Liability for breach of the TTC;
- xiii) Applicable law for dispute resolution;
- xiv) Tribunal for dispute resolution;
- xv) Other agreements, on the condition that they are not contrary to the laws of Vietnam.

I3. Governing Law

The parties are allowed to agree on foreign governing law, together with other terms and conditions which are not contrary to Vietnamese law.

Article 776 of the Civil Code 2005 provides that technology transfer with a foreign element (i.e., between a Vietnamese entity and foreign entity and technology transfer from any foreign country into Vietnam or from Vietnam to any foreign country) must comply with (i) provisions of the Civil Code 2005 and other legal

documents of Vietnam concerning technology transfers; (ii) international treaties to which Vietnam is a contracting party; or (iii) foreign law, if the application of such foreign law or the consequence of its application does not contradict “the basic principles of the law of Vietnam”.

The LTT provides that any disputes arising out of TTCs with a foreign party can be settled by either local or international competent arbitrator or courts which the parties specifically chose to the extent that the foreign jurisdiction choice does not contradict “the basic principles of the law of Vietnam”.

14. Registration

The LTT provides the right of the parties to register on a voluntary basis with respect to “unrestricted” TTCs in order to set the ground for the parties to enjoy incentives given in this Law and other relevant laws”. It is therefore suggested that parties register TTCs in order to enjoy incentives under the LTT and other laws.

The LTT requires that “restricted” technology transfers are subject to approval by the technology management authority (the “Technology Authority”) before the TTC is entered into by the parties, and then a permit is issued after the TTC’s execution.

15. Pricing

Parties are free to agree on the payment price for the technology transfer in the TTC. Payment may be made in one or a combination of the following methods:

- i) A one-off payment or payments in installments in cash or goods;
- ii) Transfer of the value of the technology as a capital contribution to an investment project or to the capital of an enterprise as stipulated by law;
- iii) Other payment methods as agreed by the parties.

16. Confidentiality

Competent authorities responsible for the issuance of technology transfer permits and certificates of registration of TTCs are obligated to maintain confidentiality of the technologies and business secrets in application files for issuance of technology transfer permits and registration of technology transfer contracts.



Appendices

Appendices

Appendix 1 - List of major legal document relating to the business activities of foreign investors in Vietnam

| No. | Legal document No | Issued by Authorities | Content of legal document |
|---------------------------|--|-------------------------------------|--|
| Foreign Investment | | | |
| 1 | Law No. 59/2005/QH11 dated 29/11/2005 | National Assembly | Law on Investment providing investment procedure, investment incentives, right and obligations of the investors. |
| 2 | Law No. 60/2005/QH11 dated 29/11/2005 | National Assembly | Law on Enterprises providing type of enterprise, establishment procedures, organisation and operation of enterprises |
| 3 | Decree 88/2006/ND-CP dated 29/8/2006 | Government | Decree on business registration |
| 4 | Decree 108/2006/ND-CP dated 22/9/2006 | Government | Decree providing guidelines for implementation of a number of articles of Law on investment |
| 5 | Decree 139/2007/ND-CP dated 05/09/2007 | Government | Decree providing guidelines for implementation of a number of articles of Law on enterprises |
| 6 | Decree 101/2006/ND-CP dated 21/9/2006 | Government | Providing regulations on re-registration or conversion by enterprises with foreign invested capital, and registration for change (of investment licences) for investment certificates by enterprises with foreign invested capital in accordance with the Law on Enterprises and the Law on Investment |
| 7 | Decision 1088/2006/QĐ-BKH dated 19/10/2006 | Ministry of Planning and Investment | Decision on promulgating sample form of documents for carrying out investment procedures in Vietnam |
| 8 | Circular 03/2006/TT-BTC dated | Ministry of Finance | Providing guidelines for implementation Decree 88 |

| No. | Legal document No | Issued by Authorities | Content of legal document |
|---------------------------------|--|---|--|
| | 19/10/2006 | | |
| Foreign Exchange Control | | | |
| 9 | Ordinance No. 28/2005/PL-UBTVQH 11 dated 13/12/2005 | The Standing Committee of National Assembly | Ordinance on foreign exchange control |
| 10 | Decree 160/2006/ND-CP dated 28/12/2006 | Government | Providing guidance for implementing Ordinance on foreign exchange control |
| 11 | Decree 134/2005/ND-CP on 1/11/2005 | Government | Regulation on Foreign Borrowing and Repayment of Enterprises |
| Labour | | | |
| 12 | Labour Code dated 23/6/1994 | National Assembly | Law on Labour |
| 13 | Law No. 35/2002/QH10 dated 2/4/2002 Law No. 74/2006/QH11 dated 29/11/2006 | National Assembly | Law on amendments and supplements to a number of articles of the Labour Code dated 23/6/1994 |
| 14 | Decree 34/2008/ND-CP dated 25/3/2008 | Government | Regulation on recruitment and management of foreigners working in Vietnam |
| Land | | | |
| 15 | Law No.13/2003/QH11 dated 26/11/2003 | National Assembly | Law on land |
| 16 | Decree 181/ND-CP dated 29/10/2004 | Government | Providing guidance for the implementation of a number of article of the Law on land |
| 17 | Decree 182/ND-CP dated 29/10/2004 | Government | Sanctioning administration violation in the area of land |
| Intellectual Property | | | |
| 18 | Law No. 50/2005/QH11 dated 29/11/2005 | National Assembly | Law on Intellectual Property |
| 19 | Law No. 80/2006/QH11 dated 29/11/2006 | Government | Law on Technology Transfer |
| Import - Export | | | |
| 20 | Law No. 45/2005/QH11 dated 27/6/2005 | National Assembly | Law on Import - Export |
| 21 | Law No.29/2001/QH10 | National Assembly | Customs Law |

| No. | Legal document No | Issued by Authorities | Content of legal document |
|----------------------|--|---|--|
| | dated 29 June 2001, and the Law No.42/2005/QH11 dated 14 June 2005 | | |
| 22 | Decree 149/2005/ND-CP dated 8/12/2005 | Government | Making detailed provisions for the implementation of the Law on Export and Import Duties |
| Various Taxes | | | |
| 23 | Law No. 78/2006/QH11 dated 29/11/2006 | National Assembly | Law on tax management |
| 24 | Law No. 14/2008/QH12 dated 12/06/2008 | National Assembly | Law on Corporate Income Tax |
| 25 | Decree 124/2008/ND-CP dated 11/12/2008 | Government | Providing guidance on the implementation of Corporate Income Tax Law |
| 26 | Circular 130/2008/TT-BTC dated 26/12/2008 | Ministry of Finance | Regulating in detail the implementation of the Decree 124 on Corporate Income Tax |
| 27 | Law No. 13/2008/QH12 dated 12/06/2008 | National Assembly | Law on Value Added Tax |
| 28 | Decree No.123/2008/ND-CP dated 08/12/2008 | Government | Regulating in detail the implementation of the Law on VAT |
| 29 | Circular 129/2008/TT-BTC dated 26/12/2008 | Ministry of Finance | Providing guidance on the implementation of Decree No. 123 on Value Added Tax (VAT) |
| 30 | Law No.27/2008/QH12 dated 28/11/2008 | National Assembly | Law on Special Sales Tax |
| 31 | Decree 26/2009/ND-CP dated 16/03/2009 | Government | Providing guidance on the implementation of Special Sales Tax Law |
| 32 | Circular 64/2009/TT-BTC dated 27/03/2009 | Ministry of Finance | Providing guidance on the implementation of Decree 26 on Special Sales Tax |
| 33 | Law No.04/2007/QH12 on Personal Income Tax dated 05/12/2007 | The Standing Committee of the National Assembly | Law on personal income tax |

| No. | Legal document No | Issued by Authorities | Content of legal document |
|--|--|--|--|
| 34 | Decree No 100/2008/ND-CP dated 08/09/2008 | Government | Stipulating in detail the implementation of the Law on personal income tax |
| 35 | Circular 84/2008/TT-BTC dated 30/09/2008 and Circular No.62/2009/TT-BTC dated 27/03/2009 | Ministry of Finance | Providing guidelines for implementation of Government Decree 100 on Personal Income Tax |
| List of document relating to the sectors in which investment is conditional applicable to investors | | | |
| Real Estate Business | | | |
| 36 | Law No. 63/2006/QH11 dated 29/6/2006 | National Assembly | Law on real estate business |
| 37 | Law No. 56/2005/QH11 dated 29/11/2005 | National Assembly | Law on Resident Housing |
| Education | | | |
| 38 | Law No. 38/2005/QH11 dated 14/6/2005 | National Assembly | Education Law |
| 39 | Decree 06/2000/ND-CP dated 6/3/2000 | Government | Cooperation and investment with foreign countries in the areas of examination and treatment of diseases, training and education, scientific research |
| 40 | Circular 14/2005/TTLT-BGD&DT - BKH&DT dated 14/4/2005 | Ministry of Education & Training - Ministry of Planning & Investment | Providing guidance to implement of Decree 06 |
| Post & Telecommunication | | | |
| 41 | Ordinance dated 25/5/2002 | National Assembly | Post & Telecommunication |
| Transportation | | | |
| 42 | Law No. 35/2005/QH11 dated 14/6/2005 | National Assembly | Law on Rail Way |
| 43 | Law No. 66/2006/QH11 dated 29/6/2006 | National Assembly | Law on Civil Aviation |
| 44 | Law No. 40/2005/QH11 | National Assembly | Maritime Law |

| No. | Legal document No | Issued by Authorities | Content of legal document |
|-----|--------------------------------------|-----------------------|---|
| | dated 14/6/2005 | | |
| 45 | Decree 10/2001/ND-CP dated 19/3/2001 | Government | Conditions for operating business maritime services |

Appendix 2 - List of sectors entitled to investment incentives

(Issued together with Government Decree No.108 /2006/ND-CP dated 22 September 2006. making detailed regulations and providing guidelines for implementation of the Law on Investment)

- ▶ List of sectors to which special investment incentives shall be given:
 - a. Production of new materials, new energy; production of high-tech products, bio-technology products, info-technology products; production of manufactured mechanical products*
 - i) Production of composite materials, light construction materials, rare and precious materials.
 - ii) Production of high quality steel, alloy, special metals, sponge iron; steel billets.
 - iii) Production of new energy: Construction of plants using solar energy, wind energy, bio-gas, geothermal energy, tides.
 - iv) Production of medical equipment for analytical and extractive technologies in medical sector; orthopaedic instruments, wheelchairs, specialised instruments for the disabled;
 - v) Projects applying advanced technology, biotechnology to produce medicines meeting international GMP standards; production of drug materials for antibiotics.
 - vi) Production of computers; information, telecommunications and Internet equipment; pivotal info-technology products.
 - vii) Production of semiconductors and high-tech electronic components; production of software products, website applications; provision of software services; research on information technology; training human resources in the field of info-technology.
 - viii) Production and manufacture of precision mechanical equipment; equipment and machinery for examination and control of safety during the process of industrial production; industrial robots.
 - b. Cultivation and processing of agricultural, forestry and aquatic products; making salt; production of man-made strains, new seeds and breeds of animals.*

- i) Afforestation and taking care of forests;
- ii) Cultivation of agricultural, forestry and aquatic products in uncultivated land, unexploited waters;
- iii) Catching of marine products at offshore sea;
- iv) Production of new strains; propagation and hybridization of seeds and breeds of animals with high economic efficiency;
- v) Production, exploitation and refining of salt.
- vi) **III. Use of high-technology; modern technology; protection of ecological environment; research on, development and fostering of high-technology.**
- vii) Application of high-technology; application of new technologies which have not been applied in Vietnam; application of biotechnology;
- viii) Pollution treatment and environmental protection; manufacture of equipment for treatment of environmental pollution, equipment for observation and analysis of environment;
- ix) Collection and treatment of liquid waste, gaseous waste, solid waste; recycling and reuse of waste;
- x) Research on, development and fostering of high-technology.

c. Employment of large number of employees

Projects regularly employing 5,000 or more employees.

d. Construction and development of infrastructures and important projects

Construction and operation of infrastructure facilities in industrial zones, export processing zones, high-tech zones and economic zones, and of important projects established under a decision of the Prime Minister.

e. Development of facilities in educational, training, medical, gymnastic and sports sectors

- i) Construction of drug detoxification centres or tobacco detoxification centres;
- ii) Setting up establishments providing sanitation services to prevent and fight against epidemics;
- iii) Establishment of geriatric centres, and relief centres concentrating on care for the disabled and orphans;

- iv) Construction of sports centres for training and coaching athletes with high performance; sports centres for the disabled; sports centres with equipment and facilities for exercises and contests, meeting requirements of international sporting events.

f. Other sectors of production and service

- i) Investment in research and development (R&D) accounting for 25% or more of turnover;
- ii) Services of salvage in the sea;
- iii) Construction of tenements for employees working in industrial zones, export processing zones, high-tech zones, economic zones; construction of dormitories for college students and construction of housing for people entitled to social benefits.

► **List of sectors to which investment incentives shall be given:**

a. Production of new materials, new energy; production of high-tech products, bio-technology products, info-technology products, manufactured mechanical products

- i) Production of sonic, electric and thermal highly-insulating materials; wood-substitute synthetic materials; fire-proof materials, construction plastics, fibreglass, special cement, etc.;
- ii) Production of non-ferrous metals; cast-iron refining;
- iii) Production of moulds for metal and non-metal products;
- iv) Construction of new power plants, electricity transmission and distribution networks;
- v) Production of medical equipment; building storage for preservation of pharmaceutical products and for storing human medicaments for prevention of and fighting against natural disasters, calamities, dangerous epidemics;
- vi) Production of equipment for testing toxic substances in foodstuffs;
- vii) Development of petrochemical industry;
- viii) Production of coke, activated carbon;
- ix) Production of crops protection drugs, insecticides, preventive and curative drugs for animals and aquatic creatures, veterinary drugs;

- x) Materials for production of drugs, preventive and curative drugs for social diseases; vaccines, medical bio-products, medicines from pharmaceutical materials, oriental medicines;
- xi) Construction of establishments for biological testing, and for evaluating effects of drugs; construction of establishments meeting criteria for production, preservation and testing of drugs; cultivation, reaping and processing of pharmaceutical materials;
- xii) Development of resources of pharmaceutical materials and production of drugs from pharmaceutical materials; projects for researching on and proving the scientific basis of oriental medicine prescriptions, and formulating testing criteria in respect of oriental medicine prescriptions; conducting a survey of and compiling statistics on various types of pharmaceutical materials used for production of drugs; collection, inheritance and application of oriental medicine prescriptions; search for, exploitation and utilisation of new pharmaceutical materials;
- xiii) Production of electronic products;
- xiv) Production of machinery, equipment and components packs in the fields of exploitation of petroleum, mining, and energy; manufacture of large-size lifting and lowering equipment; manufacture of machine tools for metal processing; metallurgy equipment;
- xv) Production of high and medium voltage electric devices; large-size generators;
- xvi) Production of diesel engines; production and building of, and repair to ships; production of equipment and spare parts for cargo ships, fishing boats; manufacture of dynamic and hydraulic machinery and parts, and compressing machines;
- xvii) Production of equipment, vehicles and machinery for construction; production of technical equipment for the transportation industry; production of locomotives and carriages;
- xviii) Production of machine tools, machinery, equipment, spare parts serving agricultural and forestry production; food processors; equipment used in irrigation;

- xix) Production of equipment and machinery for the textile and garment industry; production of machinery for the leather industry.
- b. Cultivation and processing of agricultural, forestry and aquatic products, making salt; production of man-made strains, seeds and breeds of animals***
 - i) Cultivation of medicinal plants;
 - ii) Preservation of post-harvest agricultural products; preservation of agricultural and aquatic products and foodstuffs;
 - iii) Production of bottled or canned juice from fruits;
 - iv) Production and refining of feed for cattle, poultry, aquatic creatures;
 - v) Technical services in support of cultivation of industrial plants and forestry plants, animal husbandry, aquaculture, protection of plants and domestic animals;
 - vi) Production, propagation and hybridization of seeds and breeds of animal.
- c. Use of high technology, modern technologies; protection of ecological environment; research on, development and fostering of high technology***
 - i) Production of equipment for dealing with oil-overflow;
 - ii) Production of equipment for waste treatment;
 - iii) Construction of technical establishments and facilities: laboratories, experimental stations for application of new technologies to production; establishment of research institutes.
- d. Employment of lots of employees:***

Projects regularly employing 500 to 5,000 employees.
- e. Construction and development of infrastructure facilities***
 - i) Construction of infrastructure facilities in service of production and operation of cooperatives and community life in rural areas;
 - ii) Projects for operation of infrastructure facilities and production in complexes of industries and trades in rural areas;

- iii) Construction of water plants or water supply systems in service of living needs or industries; construction of drainage systems;
- iv) Construction and improvement of bridges, roads, airports, ports, railroad stations, bus stations, parking lots; opening of more railroad routes;
- v) Construction of technical infrastructures for densely-populated areas in localities provided in Appendix B issued together with this Decree.

f. Development of facilities in educational, training, medical, gymnastic, sports and national cultural sectors

- i) Construction of infrastructure facilities of educational and training establishments. Construction of private and people-founded schools and educational and training establishments at all levels: pre-schools; popular schools; secondary vocational schools; colleges and universities;
- ii) Establishment of people-founded hospitals and private hospitals;
- iii) Construction of gymnastic and sports centres, exercising clubs, gymnastic and sports clubs; establishments for production and manufacture of or for repair to equipment and devices used for gymnastic and sports exercises;
- iv) Establishment of national cultural houses, groups of singers and dancers performing national music and dance; theatres, film studios, film printing and developing establishments, cinemas; production and manufacture of, and repair to national musical instruments; renovation and conservation of museums, national cultural houses and cultural and artistic schools;
- v) Construction of national tourism areas, eco-tourism areas;
- vi) Construction of cultural parks including sports areas and entertainment areas.

g. Development of traditional trades

Formulation and development of traditional trades in relation to production of fine-art and handicraft products; processing of agricultural products and food; production of cultural products.

h. Other production or service sectors

- i) Provision of the Internet connection, access and application services, and establishment of telephone booths in regions included in Appendix B issued together with this Decree;
- ii) Development of means of public transportation including: development of ships and airplanes, means of railroad transportation, automobiles of 24 seats or more for transportation of passengers by land; modern and high-speed boats for transportation of passengers by river; container ships, ocean-going vessels;
- iii) Projects for relocation of production establishments out of inner cities;
- iv) Construction of type-I markets and exhibition areas;
- v) Production of children's toys;
- vi) Projects for raising capital and lending capital by People's credit funds;
- vii) Legal consultancy; consultancy on intellectual property and technology transfer;
- viii) Production of various types of materials for pesticides;
- ix) Production of basic chemicals, purified chemicals, specialised chemicals and dyes;
- x) Production of materials for cleansers, and additives for the chemical industry;
- xi) Production of paper, cardboard, artificial planks directly from sources of agricultural and forestry materials at home; production of paper-pulp;
- xii) Weaving fabric, completing textile products; producing silk and fibres of various kinds; tanning and semi-processing of hides;
- xiii) Investment projects in industrial zones, established under a decision of the Prime Minister.

Appendix 3- List of geographical regions of investment incentives

(issued together with Decree No 108/2006/ND-CP dated 22 September 2006, making detailed regulations and providing guidelines for implementation of the Law on Investment)

| No | Province | Regions with specially difficult socio-economic conditions | Regions with difficult socio-economic conditions |
|----|-------------|--|--|
| 1 | Bac Kan | All districts and towns | |
| 2 | Cao Bang | All districts and towns | |
| 3 | Ha Giang | All districts and towns | |
| 4 | Lai Chau | All districts and towns | |
| 5 | Son La | All districts and towns | |
| 6 | Dien Bien | All districts and Dien Bien city | |
| 7 | Lao Cai | All districts | Lao Cai city |
| 8 | Tuyen Quang | Na Hang and Chiem Hoa districts | Ham Yen, Son Duong and Yen Son districts, and Tuyen Quang town |
| 9 | Bac Giang | Son Dong district | Luc Ngan, Luc Nam, Yen The and Hiep Hoa districts |
| 10 | Hoa Binh | Da Bac and Mai Chau districts | Kim Boi, Ky Son, Luong Son, Lac Thuy, Tan Lac, Cao Phong, Lac Son and Yen Thuy districts |
| 11 | Lang Son | Binh Gia, Dinh Lap, Cao Loc, Loc Binh, Trang Dinh, Van Lang and Van Quan districts | Bac Son, Chi Lang and Huu Lung districts |
| 12 | Phu Tho | Thanh Son and Yen Lap districts | Doan Hung, Ha Hoa, Phu Ninh, Song Thao, Thanh Ba, Tam Nong and Thanh Thuy districts |
| 13 | Thai Nguyen | Vo Nhai and Dinh Hoa districts | Dai Tu, Pho Yen, Phu Luong, Phu Binh and Dong Hy districts |

| No | Province | Regions with specially difficult socio-economic conditions | Regions with difficult socio-economic conditions |
|----|------------|--|---|
| 14 | Yen Bai | Luc Yen, Mu Cang Chai and Tram Tau districts | Tran Yen, Van Chan, Van Yen and Yen Binh districts, and Nghia Lo town |
| 15 | Quang Ninh | Ba Che and Binh Lieu districts, Co To island district, and other islands and isles of the province | Cam Pha district |
| 16 | Hai Phong | Island districts of Bach Long Vy and Cat Hai | |
| 17 | Ha Nam | | Ly Nhan and Thanh Liem districts |
| 18 | Nam Dinh | | Giao Thuy, Xuan Truong, Hai Hau and Nghia Hung districts |
| 19 | Thai Binh | | Thai Thuy and Tien Hai districts |
| 20 | Ninh Binh | | Nho Quan, Gia Vien, Kim Son, Tam Diep and Yen Mo districts |
| 21 | Thanh Hoa | Muong Lat, Quan Hoa, Ba Thuoc, Lang Chanh, Thuong Xuan, Cam Thuy, Ngoc Lac, Nhu Thanh and Nhu Xuan districts | Thach Thanh and Nong Cong districts |
| 22 | Nghe An | Ky Son, Tuong Duong, Con Cuong, Que Phong, Quy Hop, Quy Chau and Anh Son districts | Tan Ky, Nghia Dan and Thanh Chuong districts |
| 23 | Ha Tinh | Huong Khe, Huong Son and Vu Quang districts | Duc Tho, Ky Anh, Nghi Xuan, Thach Ha, Cam Xuyen and Can Loc districts |
| 24 | Quang Binh | Tuyen Hoa, Minh Hoa and Bo Trach districts | The remaining districts except Tuyen Hoa, Minh Hoa and Bo Trach districts |
| 25 | Quang Tri | Huong Hoa and Dac Krong districts | The remaining districts except Huong Hoa and Dac Krong districts |

| No | Province | Regions with specially difficult socio-economic conditions | Regions with difficult socio-economic conditions |
|----|------------------|--|---|
| 26 | Thua Thien - Hue | A Luoi district | Phong Dien, Nam Dong, Quang Dien, Huong Tra, Phu Loc and Phu Vang districts |
| 27 | Da Nang | Hoang Sa island district | |
| 28 | Quang Nam | Dong Giang, Tay Giang, Nam Giang, Phuoc Son, Bac Tra My, Nam Tra My, Hiep Duc, Tien Phuoc, Nui Thanh districts, and Cu Lao Cham island | Dai Loc and Duy Xuyen districts |
| 29 | Quang Ngai | Ba To, Tra Bong, Son Tay, Son Ha, Minh Long, Binh Son and Tay Tra districts, and Ly Son island district | Nghia Hanh and Son Tinh districts |
| 30 | Binh Dinh | An Lao, Vinh Thanh, Van Canh, Phu Cat and Tay Son districts | Hoai An and Phu My districts |
| 31 | Phu Yen | Song Hinh, Dong Xuan, Son Hoa and Phu Hoa districts | Song Cau, Tuy Hoa and Tuy An districts |
| 32 | Khanh Hoa | Khanh Vinh and Khanh Son districts, Truong Son island district, and other islands of the province | Van Ninh, Dien Khanh and Ninh Hoa districts, Cam Ranh town |
| 33 | Ninh Thuan | All districts | |
| 34 | Binh Thuan | Phu Quy island district | Bac Binh, Tuy Phong, Duc Linh, Tanh Linh, Ham Thuan Bac and Ham Thuan Nam districts |
| 35 | Dac Lac | All districts | |
| 36 | Gia Lai | All districts and town | |
| 37 | Kon Tum | All districts and town | |
| 38 | Dak Nong | All districts | |

| No | Province | Regions with specially difficult socio-economic conditions | Regions with difficult socio-economic conditions |
|----|-------------------|---|---|
| 39 | Lam Dong | All districts | Bao Loc town |
| 40 | Ba Ria - Vung Tau | Con Dao island district | Tan thanh district |
| 41 | Tay Ninh | Tan Bien, Tan Chau, Chau Thanh and Ben Cau districts | The remaining districts except Tan Bien, Tan Chau, Chau Thanh and Ben Cau districts |
| 42 | Binh Phuoc | Loc Ninh, Bu Dang and Bu Dop districts | Dong Phu, Binh Long, Phuoc Long and Chon Thanh districts |
| 43 | Long An | | Duc Hue, Moc Hoa, Tan Thanh, Duc Hoa, Vinh Hung and Tan Hung districts |
| 44 | Tien Giang | Tan Phuoc district | Go Cong Dong and Go Cong Tay districts |
| 45 | Ben Tre | Thanh Phu, Ba Tri and Binh Dai districts | The remaining districts except Thanh Phu, Ba Tri and Binh Dai districts |
| 46 | Tra Vinh | Chau Thanh and Tra Cu districts | Cau Ngang, Cau Ke and Tieu Can districts |
| 47 | Dong Thap | Hong Ngu, Tan Hong, Tam Nong and Thap Muoi districts | The remaining districts except Hong Ngu, Tan Hong, Tam Nong and Thap Muoi districts |
| 48 | Vinh Long | | Tra On district |
| 49 | Soc Trang | All districts | Soc Trang town |
| 50 | Hau Giang | All districts | Vi Thanh town |
| 51 | An Giang | An Phu, Tri Ton, Thoai Son, Tan Chau and Tinh Bien districts | The remaining districts except An Phu, Tri Ton, Thoai Son, Tan Chau and Tinh Bien districts |
| 52 | Bac Lieu | All districts | Bac Lieu town |
| 53 | Ca Mau | All districts | Ca Mau city |
| 54 | Kien Giang | All districts, and islands and isles of the province | Ha Tien town, Rach Gia town |
| 55 | Other regions | High-tech zones and economic zones entitled to incentives, established under a decision of the Prime Minister | Industrial zones and export processing zones established under a decision of the Prime Minister |

Appendix 4 - List of conditional investment sectors applicable to foreign investors

(issued together with Decree No. 108/2006/ND-CP dated 22 September 2006, making detailed regulations and providing guidelines for implementation of the Law on Investment)

- i) Radio-broadcasting, televising;
- ii) Production, publication and distribution of cultural products;
- iii) Exploitation and processing of minerals;
- iv) Establishment of infrastructure facilities of telecommunications networks, broadcasting and transmission networks, provision of telecommunications and Internet services;
- v) Construction of public postal networks, provision of postal and express services;
- vi) Construction and operation of river ports, sea ports, airports;
- vii) Transportation of cargoes and passengers by railroad, by air, by land, by sea, by inland waterway;
- viii) Catching of marine products;
- ix) Production of cigarettes;
- x) Trade in properties;
- xi) Doing business in export-import and distribution sectors;
- xii) Investment in education and training sector;
- xiii) Hospitals, clinics;
- xiv) Other investment sectors in international treaties of which Vietnam is a member and which require Vietnam to commit to restricting the opening of the market to foreign investors.

Investment conditions applicable to foreign investors with investment projects included in investment sectors that are stipulated in this Appendix must conform to provisions of international treaties of which Vietnam is a member.

Appendix 5 - Useful addresses and contact information

If telephoning from an international location, use the international telephone country code for Vietnam, 84, as a prefix.

► Ministries and other national government agencies

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| Immigration Department | <p>89 Tran Hung Dao Street, Hanoi Tel: 4 3822 0579</p> <p>254 Nguyen Trai Street, District 1 Ho Chi Minh City Tel: 8 3920 1701/3824 4074 Fax: 8 3825 6829</p> |
| Ministry of Agriculture and Rural Development http://www.mard.gov.vn | <p>2 Ngoc Ha Street, Ba Dinh District, Hanoi Tel: 4 3846 8161/3843 6171 Fax: 4 3845 4319/3737 0752</p> <p>135 Pasteur Street, Ward 6, District 3, Ho Chi Minh City Tel: 8 3822 8471/3822 4106 Fax: 8 3822 4776/3823 8241</p> |
| Ministry of Construction http://www.moc.gov.vn | <p>37 Le Dai Hanh Street, Hai Ba Trung District, Hanoi Tel: 4 3976 0271 Fax: 4 3976 2153/3974 1709</p> <p>14 Ky Dong Street, Ward 9, District 3, Ho Chi Minh City Tel: 8 3843 8635/3846 8407 Fax: 8 3931 7152</p> |
| Ministry of Information and Communications http://www.mic.gov.vn | <p>18 Nguyen Du Street, Hanoi Tel: 4 3943 5602 Fax: 4 3826 3477</p> <p>27 Nguyen Binh Khiem Street, Da Kao Ward, District 1, Ho Chi Minh City Tel: 8 3823 5404 Fax: 8 3822 2988</p> |
| Ministry of Defense | <p>1A Hoang Dieu Street, Ba Dinh District, Hanoi</p> |

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| | Tel: 69 388 2041/4 353 2090 |
| Ministry of Education and Training http://www.edu.net.vn | <p>49 Dai Co Viet Street Hai Ba Trung District, Hanoi Tel: 4 3869 2394/38694904/ 3869 4794 Fax: 4 3869 4085</p> <p>3 Quoc Te Square, District 3, Ho Chi Minh City Tel: 8 3823 9022/3829 0396/ 3829 5501 Fax: 8 3823 9021</p> |
| Ministry of Finance http://www.mof.gov.vn | <p>28 Tran Hung Dao Street, Hoan Kiem District, Hanoi Tel: 4 3220 2828 Fax: 4 3220 8091</p> <p>138 Nguyen Thi Minh Khai Street, District 3, Ho Chi Minh City Tel: 8 3930 3375/3930 5030/ 3930 3685 Fax: 8 3930 3375</p> |
| Ministry of Foreign Affairs http://www.mofa.gov.vn | <p>1 Ton That Dam Street, Ba Dinh District, Hanoi Tel: 4 3199 2000/3199 3000 Fax: 4 3823 1872</p> |
| Ministry of Health http://www.moh.gov.vn | <p>138A Giang Vo Street, Ba Dinh District, Hanoi Tel: 4 3844 3463/3846 4416/ 3846 4051 Fax: 4 3846 0196/3846 2195</p> <p>51 Pham Ngoc Thach Street, District 3, Ho Chi Minh City Tel: 8 3829 0433/3822 1382 Fax: 8 3822 3500</p> |
| Ministry of Industry and Trade http://www.moit.gov.vn | <p>54 Hai Ba Trung Street, Hanoi Tel: 4 3220 2222 Fax: 4 3220 2525</p> <p>45 Tran Cao Van Street, District 3, Ho Chi Minh City</p> |

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| | <p>Tel: 8 3829 4631 Fax: 8 3824 3273</p> |
| <p>Ministry of Justice http://www.moj.gov.vn</p> | <p>56-58-60 Tran Phu Street, Ba Dinh District, Hanoi Tel: 43733 6213/3733 8068 Fax: 4 3843 1431</p> <p>30 Tran Cao Van Street, District 3, Ho Chi Minh City Tel: 8 3823 9046 Fax: 8 3829 9277</p> |
| <p>Ministry of Labor, War Invalids and Social Affairs http://www.molisa.gov.vn</p> | <p>12 Ngo Quyen Street, Hoan Kiem District, Hanoi Tel: 4 3826 4222/3826 9557 Fax: 4 3824 8036</p> <p>45 Pham Ngoc Thach Street, District 3, Ho Chi Minh City Tel: 8 3823 0853 Fax: 8 3822 4115</p> |
| <p>Ministry of Marine Products http://www.mofi.gov.vn</p> | <p>10 Nguyen Cong Hoan Street, Ba Dinh, District, Hanoi Tel: 4 377 18817/3771 6269 Fax: 4 3771 6702</p> <p>30 Ham Nghi Street, District 1, Ho Chi Minh City Tel: 8 3829 4864 Fax: 8 3829 0067</p> |
| <p>Ministry of Planning and Investment http://www.mpi.gov.vn</p> | <p>2 Hoang Van Thu Street, Ba Dinh District, Hanoi Tel: 4 3845 5298 Fax: 4 3823 4453</p> <p>289 Dien Bien Phu Street, District 3, Ho Chi Minh City Tel: 8 3930 7083/3930 7850 Fax: 8 3930 7460</p> |
| <p>Ministry of Police http://www.moha.gov.vn</p> | <p>44 Yet Kieu Street, Hoan Kiem District, Hanoi Tel: 4 3694 2545 Fax: 4 3942 0223</p> |

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| | <p>258 Nguyen Trai Street, District 1, Ho Chi Minh City Tel: 8 3837 5134 Fax: 8 3920 2065/3920 0961</p> |
| <p>Ministry of Science, Technology http://www.most.gov.vn</p> | <p>39 Tran Hung Dao Street, Hanoi Tel: 4 3943 9731/3943 9734 Fax: 4 3943 9733</p> |
| <p>Ministry of Natural Resources and Environment http://www.monre.gov.vn</p> | <p>83 Nguyen Chi Thanh Street, Dong Da District, Hanoi Tel: 4 3834 3911/3835 6419 Fax: 4 3835 9211/3835 2191</p> <p>42 Mac Dinh Chi Street, District 1, Ho Chi Minh City Tel: 8 3827 4987 Fax: 8 3825 8365</p> |
| <p>Ministry of Transport http://www.mt.gov.vn</p> | <p>80 Tran Hung Dao Street, Hoan Kiem District, Hanoi Tel: 4 3942 4015 Fax: 4 3942 3291</p> <p>92 Nam Ky Khoi Nghia Street, District 1, Ho Chi Minh City Tel: 8 3829 5939/3821 8383 Fax: 8 3822 4120</p> |
| <p>Ministry of Culture Sport and Tourism of Vietnam http://www.cinet.gov.vn</p> | <p>51 Ngo Quyen Street, Hanoi Tel: 43943 6488/3943 8101 Fax: 4 3945 4330</p> <p>170 Nguyen Dinh Chieu Street, District 1, Ho Chi Minh City Tel: 8 3930 6486/3930 3369 Fax: 8 3930 5237</p> |
| <p>Office of Government</p> | <p>1 Hoang Hoa Tham Street, Ba Dinh District, Hanoi Tel: 4 0804 3700 Fax: 4 0804 4130</p> <p>7 Le Duan Street, District 1, Ho Chi Minh City Tel: 8 3825 1763</p> |

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| <p>State Bank of Vietnam http://www.sbv.gov.vn</p> | <p>49 Ly Thai To Street, Hoan Kiem District, Hanoi Tel: 4 3824 1534</p> <p>17 Ben Chuong Duong Street, District 1, Ho Chi Minh City Tel: 8 3829 2157/3829 2158</p> |
| <p>Central Overseas Vietnamese Committee</p> | <p>32 Ba Trieu Street, Hanoi Tel: 4 38240401 Fax: 4 3824 0403</p> <p>147 Nguyen Dinh Chieu Street, District 3, Ho Chi Minh City Tel: 8 3930 3063 Fax: 8 3930 6737</p> |
| <p>Vietnam Chamber of Commerce and Industry http://www.vcci.com.vn</p> | <p>9 Dao Duy Anh Street, Dong Da District, Hanoi Tel: 4 3574 2022 Fax: 4 3574 2020/3574 2017</p> <p>171 Vo Thi Sau Street, District 3, Ho Chi Minh City Tel: 8 3932 5143/3932 5171 Fax: 8 3932 5143/3932 5281</p> <p>256 Tran Phu Street, Da Nang Tel: 511 356 2538 Fax: 511 382 2930</p> <p>10 Dinh Tien Hoang Street, Hai Phong Tel: 31 384 2894 Fax: 31 384 2243</p> <p>44 Nguyen Thi Minh Khai Street, Khanh Hoa Tel: 58 352 1571</p> <p>747 Ba Trieu Street, Truong Thi, Nghe An Tel: 38 375 4640</p> <p>155 Nguyen Thai Hoc Street, Vung Tau Tel: 64 357 0266</p> |

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| | Fax: 64 385 9651 |
| General Department of Civil Aviation of Vietnam http://www.vietnamair.com.vn | <p>200 Nguyen Son Street, Long Bien District, Hanoi Tel: 4 3873 2732 Fax: 4 3270 0222</p> <p>Tan Son Nhat Airport 49 Truong Son Street, Tan Binh District Ho Chi Minh City Tel: 8 3844 6667</p> |
| General Department of Customs http://www.customs.gov.vn | <p>162 Nguyen Van Cu Street, Long Bien District Hanoi Tel: 4 3872 7033 Fax: 4 3872 5949</p> <p>15B Thi Sach Street, District 1, Ho Chi Minh City Tel: 8 3823 3536</p> |
| General Department of Land Administration | <p>Lang Trung Street, Hanoi Tel: 4 3834 3309/3834 3914 Fax: 4 3835 2191</p> |
| Directorate for Standards and Quality http://www.tcvn.gov.vn | <p>8 Hoang Quoc Viet Street, Cau Giay District, Hanoi Tel: 4 3756 2608 Fax: 4 3836 1556</p> <p>49 Pasteur Street, District 1, Ho Chi Minh City Tel: 8 3822 2872 Fax: 8 3829 3012</p> |
| General Statistics Office http://www.gso.gov.vn | <p>2 Hoang Van Thu Street, Ba Dinh District, Hanoi Tel: 4 3843 2772 Fax: 4 3733 3846</p> <p>29 Han Thuyen Street, District 1, Ho Chi Minh City Tel: 8 3829 9847 Fax: 8 3824 4734</p> |

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| Investment and Foreign Trade Development Association of Ho Chi Minh City | 92-96 Nguyen Hue Street, District 1 Ho Chi Minh City Tel: 8 3823 1530 Fax: 8 3823 0993 |
| State Securities Commission of Vietnam http://www.ssc.gov.vn | 164 Tran Quang Khai Street, Hanoi Tel: 4 3934 0750 Fax: 4 3934 0739 1 Nam Ky Khoi Nghia Street, District 1, Ho Chi Minh City Tel: 8 3821 1412 Fax: 8 3821 4623 |
| State Auditing (National audit office) http://www.kiemtoannn.gov.vn | 111 Tran Duy Hung Street, Cau Giay District, Hanoi Tel: 4 3556 6211/3556 5786 Fax: 4 3556 6029 37 Phan Dang Luu Street, Phu Nhuan District, Ho Chi Minh City Tel: 8 3803 0662 Fax: 8 3803 0659 |
| Vietnam News Agency http://www.vnnet.vn | 5 Ly Thuong Kiet Street, Hanoi Tel: 4 3825 5433/3825 2931 Fax: 4 3825 2984 120 Nguyen Thi Minh Khai Street, District 3, Ho Chi Minh City Tel: 8 3930 3921/3933 0757 Fax: 8 3933 0086 |
| Vietnam Oil and Gas Corporation (Petrovietnam) http://www.petrovietnam.com.vn | 22 Ngo Quyen Street, Hoan Kiem District, Hanoi Tel: 4 3824 9130/3825 2526 Fax: 4 3826 5942 |
| Vietnam Social Insurance | 7 Trang Thi Street, Hanoi Tel: 4 3934 4165/3936 1749 7 Le Duan Street, District 1, Ho Chi Minh City Tel: 8 3824 4164 |
| Vietnam Television | 43 Nguyen Chi Thanh Street, Hanoi |

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| http://www.vtv.org.vn | Tel: 4 3822 4403/3822 3422 Fax: 4 3934 4169 |
| Vietnam Trade Information Center | 45 Ngo Quyen Street, Hoan Kiem District, Hanoi Tel: 4 9341911 Fax: 4 9348177 173 Hai Ba Trung Street, District 3, Ho Chi Minh City Tel: 8 3823 7217/3823 7316 Fax: 8 3822 8756 |
| Voice of Vietnam http://www.vov.org.vn | 58 Quan Su Street, Hanoi Tel: 4 3934 4231 E-mail: vovnews@hn.vnn.vn |

► People's Committee

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| Hanoi http://www.hanoi.gov.vn | 12 Le Lai Street, Hoan Kiem District, Hanoi Tel: 4 3825 3536 Fax: 4 3824 3126 |
| Ho Chi Minh City http://www.hochiminhcity.gov.vn | 86 Le Thanh Ton Street, District 1, Ho Chi Minh City Tel: 8 3822 6191/3825 0028 Fax: 8 3829 6116/3827 5564 |
| Ba Ria-Vung Tau Province http://www.baria-vungtau.gov.vn | 26 Thong Nhat Street, Vung Tau Tel: 64 3851737 Fax: 64 3852324 |
| Binh Duong Province http://www.binhduong.gov.vn | 1 Quang Trung Street, Thu Dau Mot Tel: 650 385 8221 Fax: 650 382 2174 |
| Can Tho Province http://www.cantho.gov.vn | 2 Hoa Binh Street, Ninh Kieu District, Can Tho |

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| | Tel: 71 383 6800 |
| Da Nang http://www.danang.gov.vn | 42 Bach Dang Street, Da Nang Tel: 511 382 1339/382 2527 Fax: 511 382 1286 |
| Dong Nai http://www.dongnai.gov.vn | 2 Nguyen Van Tri Street, Bien Hoa Tel: 61 394 2566 Fax: 61 382 3854 |
| Hai Phong City http://www.haiphong.gov.vn | 18 Hoang Dieu Street, Hai Phong Tel: 31 382 1055 Fax: 31 374 7352 |
| Quang Nam Province http://www.quangnam.gov.vn | 62 Hung Vuong Street, Tam Ky town, Quang Nam Tel: 510 381 1910/385 2744 Fax: 510 385 2748 |
| Tien Giang Province http://www.tiengiang.gov.vn | 23 30 Thang 4 Street, My Tho Tel: 73 3885130/3873153 Fax: 73 3873680 |

► Department of Planning and Investment

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| An Giang DPI http://sokehoachdt.angiang.gov.vn/ | No. 8/18 Ly Thuong Kiet, Street, Long Xuyen town, An Giang Province Tel: 76 385 2913 Fax: 76 385 3380 |
| Ba Ria - Vung Tau DPI http://www.sokhdt.baria-vungtau.gov.vn | No. 01 Nguyen Chi Thanh Street, Ward 2, Vung Tau City Tel: 64 385 2401/385 2320/ 385 8286/ Fax: 385 1381/385 2502 |

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| Bac Can DPI http://www.backan.gov.vn/ | Group 4, Duc Xuan Ward, Bac Kan town Bac Kan Province Tel: 281 387 1287 Fax: 281 387 1287 |
| Bac Giang DPI http://www.bacgiangdpi.gov.vn | Nguyen Gia Thieu Street, Bac Giang town, Bac Giang Province Tel: 240 385 4317/385 9606 Fax: 240 385 4923 |
| Bac Lieu DPI http://www.baclieu.gov.vn | No.23 Hai Ba Trung Street, Ward 3, Bac Lieu Town, Bac Lieu Province Tel: 781 382 7616 Fax: 781 382 3874 |
| Bac Ninh DPI www.bacninhdpi.gov.vn | No 6 Ly Thai To Street, Suoi Hoa Ward Bac Ninh Town, Bac Ninh Province Tel: 241 382 2569/382 4902 Fax: 241 382 5777 |
| Ben Tre DPI www.dpi-bentre.gov.vn | No. 6 Cach Mang Thang Tam Street, Ward 3 Ben Tre town, Ben Tre Province Tel: 75 382 1280/381 7358 Fax: 75 382 5543 |
| Binh Dinh DPI www.sokhdt.binhdinh.gov.vn | No 35 Le Loi Street, Quy Nhon City Binh Dinh Province Tel: 56 381 8888/381 8889 Fax: 56 382 4509/3818887 |
| Binh Duong DPI http://skhdt.binhduong.gov.vn | No 188, Binh Duong Street, Phu Hoa, Ward Thu Dau Mot town, Binh Duong Province Tel: 650 382 2926/382 7954 Fax: 650 382 5194 |
| Binh Phuoc DPI | The 14th National Highway, |

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| http://www.binhphuoc.gov.vn | Dong Xoi town Binh Phuoc Province Tel: 651 387 9253/387 0772 Fax: 651 388 7088 |
| Binh Thuan DPI http://www.binhthuan.gov.vn/songanh/Sokh_dt/ | No 290 Tran Hung Dao Street, Binh Hung Ward, Phan Thiet City , Binh Thuan Province Tel: 62 382 1128/382 7170/383 1890 Fax: 62 382 8656 |
| Ca Mau DPI http://www.camau.gov.vn | No. 93 Ly Thuong Kiet Street, Ward 5, Ca Mau City Tel: 780 383 1332/780 382 5972 Fax: 780 383 0773 |
| Can Tho DPI http://www.cantho.gov.vn/wps/portal/sokhdt | 61/21 Ly Tu Trong Street, An Phu Ward Can Tho City , Can Tho Province Tel: 71 383 0235/373 0259/383 0630 Fax: 71 383 0570 |
| Cao Bang DPI http://www.caobang.gov.vn | Xuan Truong Street, Hop Giang Cao Bang Town, Cao Bang Province Tel: 26 385 8743/385 2535 Fax: 26 385 3335 |
| Dien Bien DPI http://www.dienbiendpi.gov.vn/ | No. 9 - Muong Thanh Ward, Dien Bien City Dien Bien Province Tel: 23 382 5409/382 5896 Fax: 23 382 5944 |
| Dong Nai DPI www.dpidongnai.gov.vn | No 2 Nguyen Van Tri Street, Thanh Binh Bien Hoa City, Dong Nai Province Tel: 61 382 4283/382 7116 Fax: 61 394 1718 |
| Dong Thap DPI | No. 11, Vo Truong Toan Street, Ward 1 |

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| http://www.dongthap.gov.vn/portal/sokhdt | Cao Lanh town, Dong Thap Province Tel: 67 385 1101/385 1101/ 385 1960 Fax: 67 385 2955 |
| Gia Lai DPI http://www.kehoachdautugialai.gov.vn | No 02 Hoang Hoa Tham Street Pleiku City, Gia Lai Province Tel: 59 382 2204/382 3717 Fax: 59 382 3808 |
| Ha Giang DPI http://www.hagiang.gov.vn | 156 Tran Hung Dao Street, Ha Giang town, Ha Giang Province Tel: 19 3866 256/3867051 Fax: 19 3867 623 |
| Ha Nam DPI http://www.hanam.gov.vn | 15 Tran Phu Street, Phu Ly Ha Nam Province. Tel: 351 3852701/351 3854317 Fax: 3513852701 |
| Ha Tay DPI http://www.hatay.gov.vn/coquanhanhchinh.asp?catid=KHDT | No 2 Phung Hung Street Ha Dong City, Ha Tay Province Tel: 34 382 4184/382 8064 Fax: 34 382 4608 |
| Ha Tinh DPI www.dpihatinh.gov.vn | Phan Dinh Phung Street, Ha Tinh town, Ha Tinh Province Tel: 39 385 6750/388 1267 Fax: 39 385 5576 |
| Hai Duong DPI http://www.haiduong.gov.vn | 58 Quang Trung Street, Hai Duong City , Hai Duong Province Tel: 320 3853 574/320 3855762 Fax: 320 3850 814 |
| Hai Phong DPI www.haiphongdpi.gov.vn | No. 1 Dinh Tien Hoang Street, Hong Bang , Hai Phong Tel: 31 384 2614/384 2119 |

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| | Fax: 31 384 2021 |
| Hanoi DPI www.hapi.gov.vn | 17 Tran Nguyen Han Street Hoan Kiem, Hanoi Tel: 4 3825 6637/4 3826 0257 Fax: 4 3825 1733 |
| Hau Giang DPI www.skhdt.haugiang.gov.vn | No. 2 Le Hong Phong Street, Vi Thanh town, Hau Giang Province Tel: 71 387 8872/387 0210 Fax: 71 387 8871 |
| Ho Chi Minh City DPI www.dpi.hochiminhcity.gov.vn | No. 32 Le Thanh Ton Street, District 1, Ho Chi Minh City Tel: 8 3829 7834/3827 2192/ 3829 3174 Fax: 8 3829 5008 |
| Hoa Binh DPI http://www.hoabinh.gov.vn | No. 3 Tran Hung Dao Street, Hoa Binh town, Hoa Binh Province Tel: 18 385 1457 Fax: 18 385 3152 |
| Hung Yen DPI http://www.hungyen.gov.vn | No 8 Chua Chuong Street, Hien Nam, Hung Yen, Hung Yen Province Tel: 321 386 5127 Fax: 321 355 0834 |
| Khanh Hoa DPI http://www.khanhhoainvest.gov.vn | No 01 Tran Phu Street, Nha Trang City Khanh Hoa Province. Tel: 58 382 4243 Fax: 58 381 2943/382 4243 |
| Kien Giang DPI http://kehoach.kiengiang.gov.vn | No. 29 Bach Dang Street, Rach gia town Kien Giang Province Tel: 77 386 2037 Fax: 77 386 2037 |

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| Kon Tum DPI http://www.kontum.gov.vn | 123B Tran Phu Street , KonTum town Kon Tum Province Tel: 60 386 4277/386 3676 Fax: 60 386 4253 |
| Lai Chau DPI | Tan Phong Ward, Lai Chau hamlet Lai Chau Province Tel: 23 387 6438/387 6501 Fax: 23 387 6437 |
| Lam Dong DPI http://www.dalat.gov.vn/xuctie ndautu | No 02 Tran Hung Dao Street Da Lat City, Lam Dong Province Tel: 63 382 2311/383 0306 Fax: 63 383 4806 |
| Lang Son DPI www.langson.vn/khdt | No 2 Hoang Van Thu Street, Chi Lang Lang Son town, Lang Son Province Tel: 25 381 2122/381 2561 Fax: 25 381 3067 |
| Lao Cai DPI http://laocai.gov.vn | 266 Hoang Lien Street, Kim Tan Lao Cai town, Lao Cai Province Tel: 20 384 0810 Fax: 20 384 2411 |
| Long An DPI http://www.longan.gov.vn | No. 61 Truong Cong Dinh Street, Ward 1, Tan An town, Long An Province Tel: 72 382 3461/328 6199 Fax: 72 382 5044 |
| Nam Dinh DPI http://www.namdinh.gov.vn | 172 Han Thuyen Street, Nam Dinh City Nam Dinh Province. Tel: 350 364 8482/364 5227 Fax: 350 364 7120 |
| Nghe An DPI www.khdtnghean.vn | Truong Thi Ward, Vinh City, Nghe An Province |

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| | <p>Tel: 38 384 4636/384 3102</p> <p>Fax: 38 359 2246</p> |
| <p>Ninh Binh DPI</p> <p>www.ninhbinh.gov.vn</p> | <p>15 Le Hong Phong Street, Ninh Binh town, Ninh Binh Province</p> <p>Tel: 30 387 1156/387 4913</p> <p>Fax: 30 387 3381</p> |
| <p>Ninh Thuan DPI</p> <p>www.ninhthuan.gov.vn/sokhdt</p> | <p>The 16th April Street, Phan Rang town Thap Cham, Ninh Thuan Province</p> <p>Tel: 68 382 2694/382 5880</p> <p>Fax: 68 382 5488</p> |
| <p>Phu Tho DPI</p> <p>http://www.dpi.phutho.gov.vn</p> | <p>Tran Phu Street, Tan Dan, Viet Tri City Phu Tho Province</p> <p>Tel: 210 384 7778</p> <p>Fax: 210 384 0955/384 7419</p> |
| <p>Phu Yen DPI</p> <p>http://www.phuyen.gov.vn</p> | <p>No 2A Dien Bien Phu Street, Tuy Hoa town, Phu Yen Province</p> <p>Tel: 57 384 1112</p> |
| <p>Quang Binh DPI</p> <p>http://www.quangbinhbusiness.gov.vn</p> | <p>No 9 Quang Trung Street, Dong Hoi, Quang Binh.</p> <p>Tel: 52 382 4611/382 4635</p> <p>Fax: 52 382 1520</p> |
| <p>Quang Nam DPI</p> <p>http://www.dpiqnam.gov.vn</p> | <p>No 02 Tran Phu Street, Tam Ky town Quang Nam Province</p> <p>Tel: 510 381 0394 /381 0866</p> <p>Fax: 510 381 0396</p> |
| <p>Quang Ngai DPI</p> <p>http://www.quangngai.gov.vn/quangngai/tiengviet/chuyennganh/sokhdt</p> | <p>No. 96 Nguyen Nghiem Street Quang Ngai City, Quang Ngai Province</p> <p>Tel: 55 382 2868/382 6266</p> |

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| Quang Ninh DPI www.quangninhdpi.gov.vn | Hong Ha Ward, Ha Long City Quang Ninh Province Tel: 33 383 5687/33 383 5693 Fax: 33 383 8072 |
| Quang Tri DPI http://dpiquangtri.gov.vn | 34 Hung Vuong Street, Dong Ha town Quang Tri Province Tel: 53 355 0167 Fax: 53 385 1760 |
| Soc Trang DPI | No.21B Tran Hung Dao Street Soc Trang town, Soc Trang Province Tel: 79 382 2333 Fax: 79 382 2333 |
| Son La DPI http://www.sonla.gov.vn | Khau Ca Street, Son La town Son La Province Tel : 22 385 9866 Fax: 22 385 2032 |
| Tay Ninh DPI http://www.tayninh.gov.vn | 300 Cach Mang Thang Tam Street, Ward 2, Tay Ninh town, Tay Ninh Province Tel: 66 382 2166/066 382 7638 Fax: 66 382 7947 |
| Thai Binh DPI http://www.thaibinh.gov.vn/ | 233 Hai Ba Trung Street, Thai Binh City Thai Binh Province Tel: 36 383 1774/ 036 383 0437 Fax: 36 383 0326 |
| Thai Nguyen DPI http://www.thainguyen.gov.vn | No. 17 Doi Can Street, Thai Nguyen City Thai Nguyen Province Tel: 280 385 5688/385 4211/ 375 9605 Fax: 280 385 1363 |
| Thanh Hoa DPI | 45B Le Loi Street, Lam Son Ward |

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| http://www.thanhhoa.gov.vn | Thanh Hoa City, Thanh Hoa Province Tel: 37 385 2366/375 6149 Fax: 37 385 1451 |
| Thua Thien Hue DPI www.skhdt.hue.gov.vn | Ton Duc Thang Street, Hue City Tel: 54 382 2538 /382 4680 Fax: 54 382 1264 |
| Tien Giang DPI http://www.tiengiang.gov.vn | No.38 Nam Ky Khoi Nghia Street My Tho City Tien Giang Province Tel: 73 387 3381/387 1961 Fax: 73 387 5487 |
| Tra Vinh DPI http://xuctientravinh.com.vn | No.19A Nam Ky Khoi Nghia Street Tra Vinh town Tel: 74 386 2289/386 6300 Fax: 74 386 4348 |
| Tuyen Quang DPI www.tuyenquang.gov.vn | Tran Hung Dao Street, Minh Xuan Tuyen Quang town, Tuyen Quang Province Tel: 27 382 2814/382 1366 Fax: 27 382 3160 |
| Vinh Long DPI www.skhdt.vinhlong.gov.vn | No. 1 Trung Nu Vuong Street, Ward 1 Vinh Long town, Vinh Long Province Tel: 70 382 3319/383 4031 Fax: 70 382 8033 |
| Vinh Phuc DPI http://www.vinhphuc.gov.vn/so_khdt | No 40, Nguyen Trai Street, Vinh Yen town, Vinh Phuc Province Tel: 211 386 2480/384 2743 Fax: 211 386 2480 |

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| Yen Bai DPI | Yen Ninh Street, Dong Tam, Yen Bai City, Yen Bai Province Tel: 29 385 2409/385 3052 Fax: 29 385 16 |
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► **Management Boards (MB) of Industrial Zones/Export Processing Zones/Economic Zones/Hi-tech Zones (IZ/EPZ/EZ/HTZ)**

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| Hanoi IZs/EPZs MB D8A, D8B Giang Vo, Ba Dinh, Ha Noi Tel: 04.37721156 Fax: 04.37721152 | Hoa Lac HTZ MB First floor, Building 17T7, Trung Hoa - Nhan Chinh New City Town, Hoang Dao Thuy str, Thanh Xuan, Hanoi Tel: 04.32511478 Fax: 04.32511529 |
| Hai Phong IZs MB No. 24 Cu Chinh Lan, Hong Bang, Hai Phong city Tel: 031.3823206 Fax: 031.3842426 | Quang Ninh IZs MB Nguyen Van Cu, Ha Long city, Quang Ninh province Tel: 033.3836573 Fax: 033.3838022 |
| Thai Nguyen IZs MB Tan Quang commune, Song Cong town, Thai Nguyen Tel: 0280.3845435 Fax: 0280.3845434 | Phu Tho IZs MB Tan Dan ward, Viet Tri city, Phu Tho province Tel: 0210.3843021 Fax: 0210.3844997 |
| Vinh Phuc IZs MB Third floor, Vinh Phuc Provincial People's Committee, Nguyen Trai str, Vinh Yen town, Vinh Phuc province Tel: 0211.3843403 Fax: 0211.3843407 | Bac Giang IZs MB No 48 Ngo Gia Tu str, Bac Giang city, Bac Giang province Tel: 0240.3554133 Fax: 0240.3554133 |
| Bac Ninh IZs MB No. 10 Phu Dong Thien Vuong str, Bac Ninh town, Bac Ninh province Tel: 0241.3825232 Fax: 0241.3825236 | Ha Tay IZs MB No. 2 Phung Hung - Ha Dong town - Ha Tay province Tel: 034.3501388 |

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| Hung Yen IZs MB Pho Noi, My Hao district, Hung Yen province Tel: 0321.3942862 Fax: 0321.3942927 | Ha Nam IZs MB Ho Chau Giang, Quang Trung ward, Phu Ly town, Ha Nam province Tel: 0351.3850569 Fax: 0351.3850569 |
| Hai Duong IZs MB No. 57 Quang Trung str, Hai Duong city Tel: 0320.3844723 Fax: 0320.3844723 | Thai Binh IZs MB No. 81, Bo Xuyen str, Thai Binh city, Thai Binh province Tel: 036.3740872 Fax: 036.3740872 |
| Nam Dinh IZs MB Km 105, National Highway No. 10, Loc Vuong ward, Nam Dinh city Tel: 0350.3680806 Fax: 0350.3680335 | Ninh Binh IZs MB No. 2 Vo Thi Sau str, Dong Thanh ward, Ninh Binh town, Ninh Binh province Tel: 030.3876129 Fax: 030.3873302 |
| Thanh Hoa IZs MB No. 15A Hac Thanh str, Lam Son ward, Thanh Hoa city Tel: 037.3850107 Fax: 037.3850105 | Nghe An IZs MB Highway 3/2 Hung Phuc ward, Vinh city, Nghe An province Tel: 038.3835146/ 038.3520354 Fax: 038.3832657 |
| Ha Tinh IZs MB No. 75 Nguyen Chi Thanh str, Ha Tinh town, Ha Tinh province Tel: 039.3881237 Fax: 039.3881237/ 039.3882992 | Thua Thien Hue IZs MB Unit 8 Phu Bai town, Huong Thuy district, Thua Thien Hue province Tel: 054.3861765 Fax: 054.3861805 |
| Da Nang IZs/EPZs MB No. 58 Nguyen Chi Thanh, Da Nang city Tel: 0511.3810653 Fax: 0511.3830015 | Quang Nam IZs MB No. 30 Hung Vuong str, Tam Ky town, Quang Nam province Tel: 0510.3811589 Fax: 0510.3859869 |
| Quang Ngai IZs MB 25 Hung Vuong Highway, Quang Ngai city, Quang Ngai province Tel: 055.3828514 Fax: 055.3828514 | Dung Quat IZs MB No. 39 Hai Ba Trung str, Quang Ngai city, Hai Ba Trung str, Quang Ngai city, Quang Ngai province Tel: 055.3711788 Fax: 055.3825828 |

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| Binh Dinh IZs MB No. 65 Tay Son, Quy Nhon city, Binh Dinh province Tel: 056.3646257 Fax: 056.3846616 | Phu Yen IZs MB No. 353 Tran Hung Dao, Tuy Hoa town, Phu Yen province Tel: 057.3828250 Fax: 057.3828949 |
| Khanh Hoa IZs MB No. 13B Hoang Hoa Tham, Nha Trang city, Khanh Hoa province Tel: 058.3527872 Fax: 058.3527873 | Binh Thuan IZs MB No. 119 Tran Hung Dao str, Phan Thiet city, Binh Thuan province Tel: 062.3821243 Fax: 062.3821243 |
| Dak Nong IZs MB No. 1 Le Lai, Gia Nghia town, Dak Nong province Tel: 050.3544592 Fax: 050.3544591 | Ho Chi Minh City IZs/EPZs MB No. 35 Nguyen Binh Khiem, Dakao ward, Distric 1, Ho Chi Minh city Tel: 08.38290405/ 08.38290414 Fax: 08.38294271 |
| Ba Ria - Vung Tau IZs MB No.124 Vo Thi Sau str, Thang Tam ward, Vung Tau city, Ba Ria - Vung Tau province Tel: 064.3816640 Fax: 064.3858531 | Can Tho IZs/EPZs MB No. 105 Tran Hung Dao, Ninh Kieu district, Can Tho city, Can Tho province Tel: 071.3830238 Fax: 071.3830773 |
| Dong Nai IZs MB No. 26 2A road, Bien Hoa 2 Industrial Zone, Dong Nai province Tel: 061.3892378 Fax: 061.3892379 | Tay Ninh IZs MB Km 32, An Binh, An Tinh commune, Trang Bang, Tay Ninh province Tel: 066.3882300 Fax: 066.3882300 |
| Binh Duong IZs MB No. 5 Quang Trung, Thu Dau Mot town, Binh Duong province Tel: 0650.3831215 Fax: 0650.3823984 | Vietnam - Singapore IZs MB No. 8 Huy Nghi highway, Thuan An, Binh Duong Tel: 0650.3743901/ 0650.3743902/ 0650.3743904 Fax: 0650.3743903 |
| Binh Phuoc IZs MB Highway 14, Tan Phu district, Dong Xoai town, Binh Phuoc province Tel: 0651.3887524 Fax: 0651.3887523 | Long An IZs MB 65B Bao Dinh str, District 2, Tan An town, Long An province Tel: 072.3825449 Fax: 072.3825442 |

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| Tien Giang IZs MB No. 27 Nam Ky Khoi Nghia, district 4, My Tho city, Tien Giang province Tel: 073.3871808 Fax: 073.3871808 | Vinh Long IZs MB No.85 Trung Nu Vuong, district 1, Vinh Long town, Vinh Long province Tel: 070.3820972 Fax: 070.3820972 |
| Dong Thap IZs MB No. 466 Nguyen Sinh Sac, district 1, Sa Dec town, Dong Thap Tel: 067.3865471 Fax: 067.3865471 | Quang Binh IZs MB No. 317 Ly Thuong Kiet str, Dong Hoi city, Quang Binh province Tel: 052.3828513 Fax: 052.3828516 |
| Chu Lai Open Economic Zone MB No. 1 Tran Phu, Tam Ky town, Quang Nam province Tel: 0510.3812847 Fax: 0510.3812842 | Kon Tum IZs MB No. 145 Ure str, Kon Tum town, Kon Tum province Tel: 060.3910606 Fax: 060.3910606 |
| Nhon Hoi Economic Zone MB No. 83 Le Hong Phong, Quy Nhon city, Binh Dinh province Tel: 056.3820957/ 056.3820958(ext.105) Fax: 056.3820965 | Soc Trang IZs MB No. 146 Hai Ba Trung, district 1, Soc Trang town, Soc Trang province Tel: 079.3611936 Fax: 079.3611187 |
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Ernst & Young at a glance

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Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 167,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

Our people in 140 countries around the globe pursue the highest levels of integrity, quality and professionalism to provide clients with a broad array of services. We are recognized for “delivering value” to our clients through our commitment to understand our client’s business challenges and strategies, and providing practical solutions to help them achieve their business goals and objectives. We serve our clients with the highest levels of integrity, quality and professionalism.

Ernst & Young’s clients are among the world’s most successful businesses. They have chosen us because of our solutions that help them tackle challenges in the fast and ever-changing business world, in a faster, better and more confident way than other professional services firms.

Ernst & Young Vietnam

Ernst & Young was the first international firm to establish a 100% foreign owned audit, business advisory and consulting services company in Vietnam. We were awarded our license in 1992 and are committed to the long-term development of Vietnam and its people. We have offices in Hanoi, Ho Chi Minh City and employ over 860 local and expatriate professional staff. Besides, we also manage other two offices in Laos and Cambodia. We are a member of Ernst & Young Global network operating in over 140 countries.

Ernst & Young Vietnam is dedicated to providing the highest quality professional services to all its clients through assisting them to achieve their objectives, whilst realizing the growth aspirations of the firm and our people and making a positive difference to the community it serve.

In Vietnam, Ernst & Young serves organizations ranging in size from medium scale and family owned businesses to major multinational corporations. Our clients comprise of entities in many legal forms, including public and private companies, cooperatives, nonprofit organizations, public works and public bodies. We also assist individuals with all types of personal tax and expatriate issues.

Ernst & Young offers the following professional services:

Assurance Services

Strong independent assurance provides a timely and constructive challenge to management, a robust and clear perspective to audit committees and critical information for investors and other stakeholders. The quality of our audit starts with our 60,000 assurance professionals, who have the experience of auditing many of the world's leading companies. We provide a consistent worldwide audit by assembling the right multidisciplinary team to address the most complex issues, using a proven global methodology and deploying the latest, high-quality auditing tools. And we work to give you the benefit of our broad sector experience, our deep subject matter knowledge and latest insights from our work worldwide. It's how Ernst & Young makes a difference.

► Audit and Accounting Services

- Financial Statement Audit
- Financial Statement Review
- Financial Accounting and Advisory Services
- Agreed-upon Procedure Engagement on Financial Information

► Fraud investigation & Dispute Services (FIDS)

- Fraud Investigation
- Dispute Services
- Anti-Fraud Program
- Corporate Compliance
- Forensic Data Analytics
- Forensic Technology and Discovery Services

Advisory Services

The relationship between risk and performance improvement is an increasingly complex and central business challenge, with business performance directly connected to the recognition and effective management of risk. Whether your focus is on business transformation or sustaining achievement, having the right advisors on your side can make all the differences. Our 20,000 advisory professionals from one of the broadest global advisory networks of any professional organization, delivering seasoned multidisciplinary teams that work with our clients to deliver a powerful and superior client experience. We use proven, integrated methodologies to help you achieve your strategic priorities and make improvements that are sustainable for the longer term. We understand that to achieve your potential as an organization you require services that respond to

your specific issues, so we bring our broad sector experience and deep subject matter knowledge to bear in a proactive and objective way. Above all, we are committed to measuring the gain and identifying where the strategy is delivering the value your business needs. It's how Ernst & Young makes a difference.

► **Performance Improvement**

- Finance
- Supply Chain
- Customer
- Organization and People

► **Risk**

- Enterprise-wide Governance, Risk and Compliance
- Internal Audit
- Internal Controls

► **IT Risk & Assurance (ITRA)**

- Feasibility Study for IT projects
- Package/Vendor Selection
- Project Management Office (PMO)
- Post-implementation Review (PIR)
- Information Security
- IT Enterprise-wide Governance, Risk and Compliance
- External/Internal IT Audit

Transaction Advisory Services

How organizations manage their capital agenda today will define their competitive position tomorrow. We work with our clients to help them make better and more informed decisions about how they strategically manage capital and transactions in a changing world. Whether you're preserving, optimizing, raising, or investing capital, Ernst & Young's Transaction Advisory Services bring together a unique combination of skills, insight and experience to deliver tailored advice attuned to your needs - helping you drive competitive advantage and increased shareholder returns through improved decision making across all aspects of your capital agenda.

- Due Diligence
- Merger & Acquisition

- ▶ Valuation & Business Modeling
- ▶ Project Finance
- ▶ Infrastructure & Debt Advisory
- ▶ Post - acquisition Integration Services
- ▶ Transaction Tax Structuring
- ▶ Corporate Restructuring

Tax & Advisory Services

Your business will only achieve its true potential if you build it on strong foundations and grow it in a sustainable way. At Ernst & Young, we believe that managing your tax obligations responsibly and proactively can make a critical difference. So our 25,000 talented tax professionals in over 135 countries give you technical knowledge, business experience, consistent methodologies and an unwavering commitment to quality service - wherever you are and whatever tax services you need. It's how Ernst & Young makes a difference.

- ▶ Business Tax Services
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- ▶ Transaction Tax Services

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