

# Investing in Asia Pacific 2017

Vietnam

# Table of Contents

---

Welcome .....	3
Introduction to Crowe Horwath International.....	4
Establishing the business entity .....	6
Tax information.....	9
IPO quick facts .....	16
Human resource requirements .....	20
Withdrawal procedures .....	21

# Welcome

to the Crowe Horwath International  
“Investing in Asia Pacific 2017: Vietnam” guidebook.

This guide forms a part of the “Investing in Asia Pacific 2017” series and provides a quick reference for those interested in investing in Vietnam. While it is not exhaustive, this guide aims to answer some of the key questions that may arise. When specific issues arise in practice, it will often be necessary to consider the relevant laws and regulations and to obtain appropriate professional advice.

The guidebook will cover five main topics as follows:

- Establishing the business entity
- Tax information
- IPO quick facts
- Human resource requirements
- Withdrawal procedures



## Introduction to Crowe Horwath International

Crowe Horwath International is ranked eighth largest global accounting network with over 200 independent accounting and advisory services firms in close to 130 countries around the world.

Crowe Horwath International member firms are known for their local knowledge, expertise, and experience balanced by an international reputation for the highest quality in audit, tax, advisory and risk services. They are unified through a shared commitment for impeccable quality service, highly integrated service delivery processes and a common set of core values and management philosophies that guide their decisions daily.

This unique combination of talent provides Crowe Horwath International the worldwide capabilities of a highly integrated network to deliver value to multinational clients doing business across borders.

# Vietnam

---

Smart decisions.  
Lasting value.



# Establishing the business entity

## 1. Formation and costs

### Company

#### A. Forms of enterprises

Limited liability company:

- a. With one (1) member or with two (2) or more than two (2) members.
- b. Joint stock company.
- c. Partnership.
- d. Private enterprise.

#### B. Forms of direct investment

- a. 100% foreign-owned enterprise.
- b. Joint venture.
- c. Investment in contractual forms of Business Cooperation Contract (BCC), Public-Private Partner (PPP).

#### C. Investment procedures

Depending on the size and the sector of investment:

- a. Business registration:
  - i. Vietnamese investors, foreign-invested business organizations in other cases mentioned in Law on Investment 2014.
- b. Investment registration:
  - i. Foreign investment projects.
  - ii. 51% of charter capital or more is held by foreign investors, or the majority of the general partners are foreigners if the business organization is a partnership; 51% of charter capital or more is held by the business organizations or 51% of charter capital or more is held foreign investors and the business organizations mentioned in previous point.
- c. Decisions on investment policies:
  - i. National Assembly; or
  - ii. The Prime Minister;
  - iii. People's Committees of Provinces.

#### D. Timing

15 or more from the date of receipt of a complete and valid dossier depends on investment procedures.

### Branch

#### A. Conditions

Foreign businesses shall be granted permit to establish branches in Vietnam when the following conditions are fully satisfied:

- i. Being recognized as legal businesses by countries or territories of business registration.
- ii. Having been in operation for at least five (05) years after its lawful establishment or business registration.

#### B. Timing

Seven (7) days after receiving complete and valid dossiers.

#### Representative office

The same as for branch except point "Having been in operation for at least one (01) year after its lawful establishment or business registration".

## 2. Investment incentives

### Criteria

Investment incentives are normally granted to projects investing in encouraged investment sectors and/or areas.

### Types of incentives

Incentives include: tax-free period, reduced tax rates, land rental and water surface rental fee reduction, import duty exemption.

### Timing and approval authorities

Investment incentives on each project will be granted by the relevant authority based on where to invest and in which sector and stated in the respective Business Registration or Investment License/Certificate. Authorities, therefore, can be the authority from central, provincial, municipal or industrial zone level.

## 3. Foreign ownership restrictions

Foreign ownership can be 100%, except for certain conditional investment sectors. e.g., exploitation and processing of mineral resources.

## 4. Work permits and visas

### Company

#### Work permit - Requirements

Foreigners working in Vietnam are required to obtain work permits, except for certain cases, e.g. volunteers, and those who transfers within the group under some industries (construction, distribution, education, etc) except foreign employees transferred internally between companies operate in 11 service fields in Schedule of Specific Commitments in Services of Vietnam with WTO.

#### Timing and extension

Work permit shall be granted within 10 days after receiving complete and valid dossiers. Work permits are valid for a maximum of 2 years and are allowed to be extended, but extension period is no longer than 24 months/each extension.

#### Visa

Entry visa is required for foreigners, except for those entering Vietnam with diplomatic, official and special passports who can enjoy the exemption for up to 90 days in accordance with Bilateral Treaties. Visa is allowed to be extended after entering Vietnam.

#### Temporary Resident Card

Temporary Resident Card is required for foreigners staying long term in Vietnam. Its period will depend on the period of the work permit and will replace the need for a visa.

#### Branch

Same as for company.

#### Representative office

Same as for company.

## 5. Accounting standards and audit requirements

### Company

#### Accounting standards and regulations

Vietnamese Accounting Standards and related regulations issued by the Ministry of Finance have been used for accounting recognition and financial statements preparation and presentation.

#### Audit requirements

The following enterprises, organizations will require annual statutory audit:

- Foreign invested enterprises;
- Credit institutions;
- Financial organizations, insurance/re-insurance companies, insurance broker companies;
- Public companies, Security issuing/trading organizations;
- State-owned enterprises.

#### Filing requirements

Annual audited financial statements must be submitted to relevant competent authorities within 90 days from the end of each fiscal year.

#### Branch

Same as for company.

## 6. Residential directors / promoters requirements

### Legal representative

Legal representative of the company can be the Director, the Chairman of the members' council, or the Chairman of the Board of management.

#### Requirements

The legal representative must have permanent residence in Vietnam; where he or she is away from Vietnam for over 30 days, he or she must be authorized by another person in writing in accordance with the Charter of the company to perform the rights and obligations of the legal representative of the company.

## 7. Foreign ownership over tangible assets

Currently the acquisition of land by foreigners is not permitted. However, foreigners, foreign invested enterprises are permitted to have land use rights, house ownership rights, where conditions met, for a maximum of 50 years.

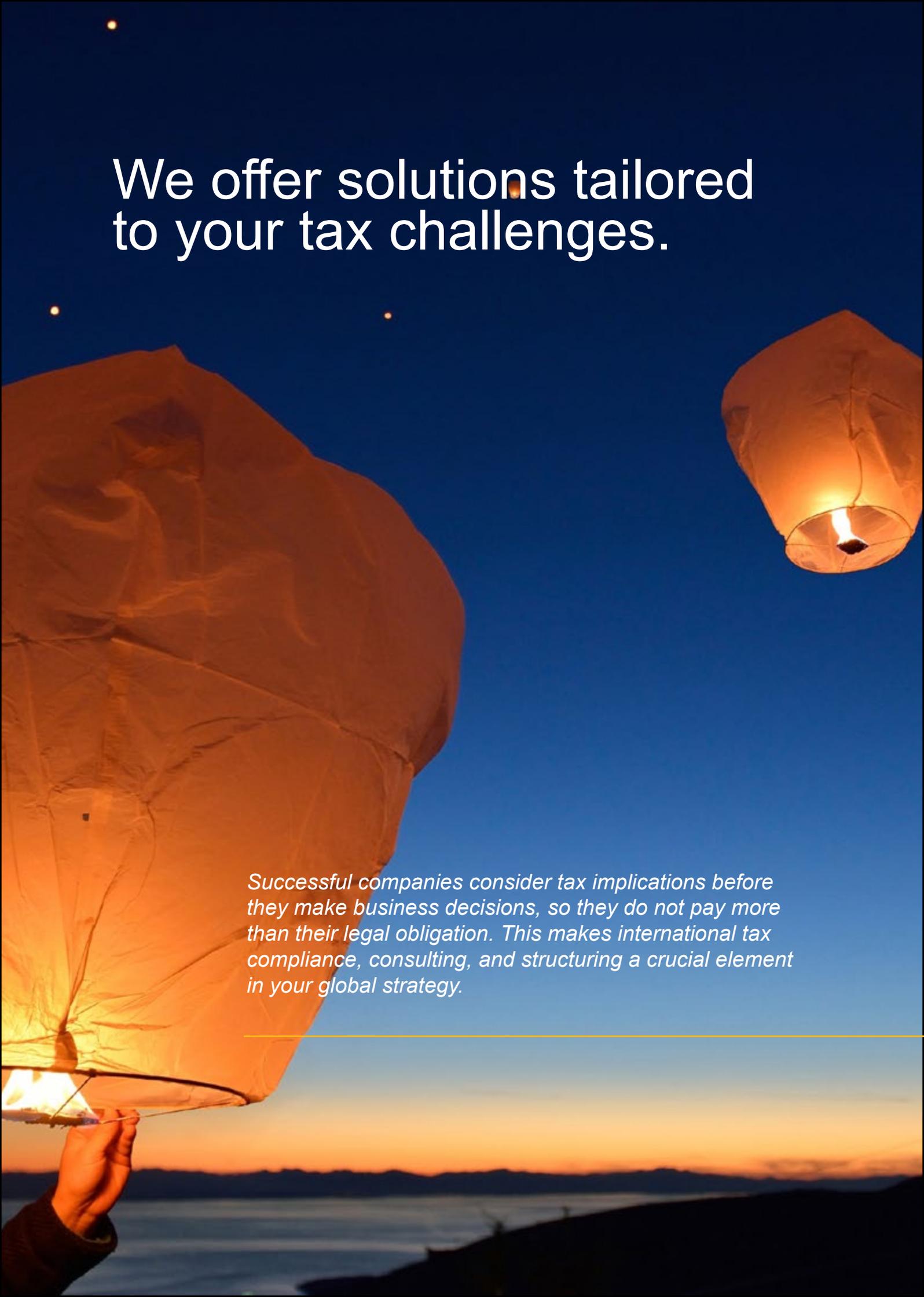
The acquisition of building by foreigners/foreign organizations is permitted if they meet requirements of Law on Housing 2014.

## 8. Country quirks

### Representative office

In Vietnam, a representative office is not a fully legal entity, generally established to seek and promote opportunities for commercial activities and is not allowed to engage directly in profit making activities. Its legal existence is limited to five years, except when the parent company's corporate existence under foreign law is shorter than five years.

If representative office wishes to continue its operations after the expiry of the registration certificate, it must renew its registration by submitting an annual report of its business operations and application for renewal is thirty days prior to the expiry of the existing registration of certificate.

A hand is shown in the bottom left corner, holding a large, lit paper lantern. The lantern is glowing with a warm orange light. In the upper right corner, another smaller lit paper lantern is floating in the sky. The background is a clear blue sky transitioning to a bright orange sunset at the horizon. A thin yellow horizontal line is positioned below the text.

# We offer solutions tailored to your tax challenges.

*Successful companies consider tax implications before they make business decisions, so they do not pay more than their legal obligation. This makes international tax compliance, consulting, and structuring a crucial element in your global strategy.*

# Tax information

## 1. Tax rates on corporate income

- Standard rate: 20%
- Oil and gas industry: 32% - 50% depending on the location;
- Preferential tax rates: 10% and 17% for whole life of project or number of years depending on investments in which encouraged investment sector and/or area.

<b>Value Added Tax (VAT)</b>	<p>In general, for VAT purpose, a supply is either taxable (goods and/or services used for production, trading and consumption in Vietnam) or exempted or not subjected to declare and pay VAT.</p> <p>VAT rates: 10%, 5%, 0%</p>
<b>Personal Income Tax (PIT)</b>	<p>Residents are those individuals residing in Vietnam for 183 days or more in a calendar year, or 12 consecutive months from the first date of arrival; or those having a permanent residence in Vietnam (including a registered residence or house lease in Vietnam where the lease contract has a term of 183 days or more within a tax year). Tax residents are subject to Vietnamese PIT on their worldwide taxable income regardless of where income is paid. Employment income is taxed on a progressive tax rate basis. Non-employment income is taxed at a variety of different rates;</p> <p>Tax non-residents are those who do not satisfy the above conditions. They are subject to Vietnamese PIT at a flat rate of 20% on Vietnam-sourced income in a tax year, and at various other rates on their non-employment incomes. Default of tax year is calendar year; however, first year of arrival will be the first 12 consecutive months from the date of entry into Vietnam if that individual is present in Vietnam for less than 183 days in first calendar year. Subsequently, tax year is the calendar year.</p>
<b>Special Sales Tax (SST)</b>	<p>SST is a form of excise tax that applies to the production or import of certain goods and the provision of certain services. Goods and services that are subject to SST are also subject to VAT.</p> <p>These include:</p> <ul style="list-style-type: none"> <li>• Goods and commodities: cigarettes, alcohol, beer, car with less than 24 seats, air conditioners up to 90,000 BTU, etc with tax rates ranging from 10% to 70%;</li> <li>• Services: discotheques, massage parlors, karaokes, casinos, gambling joints, golf courses, clubs, and entertainment centers with betting and lotteries with tax rates ranging from 15% to 40%.</li> </ul>
<b>Natural Resources Tax</b>	<p>Natural resource tax applies to natural resources which are exploited in Vietnam, including petroleum, minerals, natural forest resources, natural marine and natural water resources.</p> <p>The tax rates vary depending on the natural resource being exploited and are applied to the production output at a specific taxable value per unit.</p>

<b>Property Taxes</b>	<p>The rental of land use rights by foreign investors (if not contributed as capital) is in effect a form of property tax. It is usually known as land rental and the range of rates is wide depending upon the location, infrastructure and the industrial sector in which the business is operating.</p> <p>Under the law on non-agricultural land tax, owners of houses and apartments have to pay land tax. The tax is charged on a square meter basis with progressive tax rates ranging from 0.03% to 0.15%.</p>
<b>Environment protection tax</b>	Environment protection tax is an indirect tax which is applicable to the production and importation of certain goods including petroleum products.

## 2. Branch income

Where the branch can conduct independent accounting, it shall submit dossiers of declaration of income tax arising to tax agencies directly managing it.

Where the enterprise has dependent branches in different provinces, a single Corporate Income Tax (CIT) return is not required. However, for a manufacturing enterprise, it is required to allocate tax payments to the various provincial tax authorities in the locations where it has manufacturing branches. The basis for allocation is the proportion of expenditure spent by each branch over the total expenditure of the enterprise.

## 3. Income determination

<b>Taxable income</b>	In a tax year, taxable income, whether domestic or foreign sourced, is the difference between turnover and deductible expenses, plus other taxable income.
<b>Inventory valuation</b>	Current tax regulations do not provide any method for the valuation of inventory. The principles of inventory accounting under Vietnamese Accounting Standard No. 02 are generally accepted for the CIT purpose.
<b>Capital gains</b>	<p>Gains from assignments of capital and/or sales of shares in the enterprises are treated as other taxable income. Other taxable income is taxed at the standard tax rate.</p> <p>For individuals, gains from assignments of capital and/or sales of shares are subject to 0.1% tax on gross sale or 20% of net profit.</p>
<b>Dividends</b>	Dividends received from domestic shareholdings after payment of CIT are tax exempt income of the corporate shareholders (however, dividends paid to the individual shareholders are subject to PIT at tax rate of 5%).
<b>Foreign income</b>	<p>Taxable income from foreign investment income will be the income prior to payment of the associated CIT in foreign country.</p> <p>In respect of the enterprise having the foreign investment income, CIT paid in a foreign country is creditable but it must be determined based on pre-tax income and it is limited to the amount of Vietnamese tax rate payable on the foreign income.</p>

#### 4. Deductions

Deductible expenses are expenses that:

- i. related to revenue generation
- ii. supported by proper invoices/documentation; and
- iii. supported by non-cash payment documents in case invoice valued at VND 20 million or more; and
- iv. are not in the list of non-deductible expenses as stipulated by the Law.

Losses carried forward:

- Tax loss may be carried forward fully and consecutively for a maximum of five (5) years.
- Losses of incentivized activities can be offset against profit from non-incentivized activities, and vice versa.
- Loss from transfer of real estate can be offset against profit from operating activities;
- Loss carried backward is not allowed.

#### 5. Group taxation policies

Not applicable in Vietnam.

#### 6. Tax incentives

CIT incentives:

- CIT incentives are granted based on regulated encouraged investment sectors and/or areas. CIT incentives are also expanded to incomes from conducting of large scale projects, with high revenue or use of many employees;
- CIT incentives are now available to income derived from expanded investment of encouraged investment projects;
- Preferential tax rates: 10% and 17%, which are available for 15 years and 10 years respectively will;
  - i. Start from the commencement of operating activities;
  - ii. Revert to the standard rate once the preferential rate expires;
- Tax exemption, tax reduction: a tax holiday of up to four (4) years and a 50% tax reduction period up to nine (9) years is available, whichever comes first, from:
  - i. First profit making year; or
  - ii. The fourth revenue generation year.
- Additional reduction may be available for engaging in manufacturing, construction and transportation activities which employ many female staff, or ethnic minorities.
- CIT incentives do not apply three following incomes:
  - i. Incomes from capital or capital contribution right transfer; income from real estate transfer; income from transfer of investment projects, right to participate in investment projects or right to explore or exploit minerals; income from production or business activities outside Vietnam;
  - ii. Income from the prospering, exploration and exploitation of petroleum and other precious and rare natural resources and income from mining activities;
  - iii. Income from the provision of services liable to excise tax in accordance with the Excise Tax Law.

*Helping our clients make smart decisions today, that create lasting value tomorrow.*



## 7. Withholding tax

Industry	Effective VAT rate	Deemed CIT rate
Trading: distribution, supply of goods, materials, machinery and equipment attached to services in Vietnam	NA	1%
Services, including leasing of machinery, equipment, vehicle means, insurance	5%	5%
Services together with provision of fixed assets (cannot separate value of machinery, equipment and value of services)	3%	2%
Restaurant, hotel, casino management services	5%	10%
Construction, installation without supply of materials or machinery, equipment	5%	2%
Transportation, production, construction, installation with supply of materials or machinery, equipment	3%	2%
Leasing of seagoing vessels	NA	2%
Interest	NA	5%
Royalty (* <i>Software licenses, transfer of technology, transfer of intellectual property rights are VAT exempt</i> )	NA	10%
Reinsurance to oversea, commission for reinsurance	NA	0.1%
Transfer of securities	NA	0.1%
Derivative financial services	NA	2%
Other business	2%	2%

## 8. Tax administration

### CIT:

- Tax registration is required after incorporation;
- Quarterly, CIT must be paid temporarily by the 30th day of the first month of the subsequent quarter but CIT return is no longer required;
- Separate tax declaration for transfer of real estate;
- Final CIT returns are filed annually. Outstanding tax must be paid within 90 days of the tax year  
Tax payment location: generally at the locality of the head office. If the company has dependent production establishment in other provinces, it must pay CIT at both.

### VAT:

All organizations and individuals carrying on the production or trading of taxable goods and services in Vietnam must register for VAT purposes;

- Each branch or outlet of an enterprise must register separately and declare tax on its own activities except when the branch and head quarter are located in the same municipality;
- VAT return must be filed and VAT payment must be paid monthly by the 20th day of the following month or can be filed and paid quarterly by the 30th day from the end of the quarter if revenue condition is met.
- No annual VAT reconciliation or finalization is required under the deduction method.

### PIT:

- Tax code registration: Each individual has his/her own tax code
  - i. A compulsory procedure for income paying bodies and individuals having income subject to PIT;
  - ii. Tax registration file is submitted to the district tax office of the locality where individuals reside;
- Provisional PIT is required to be filed and paid on a monthly basis by the 20th day of the following month or can be filed and paid on a quarterly basis by the 30th day of the following month if condition is met;
- An annual final tax return must be submitted and any additional tax paid within 90 days of the year end;
- Tax refunds due to excess tax payments are only available to those who have a tax code;
- A foreign resident individual is required to submit the final tax return upon termination of his/her employment contract in Vietnam before departure;
- Non-employment income is required to be declared and paid by the individual in relation to each type of taxable income, often each time income is received.

## 9. Taxable incomes for non-residential companies and individuals

### Non-residential companies

Non-residential companies are subject to withholding tax upon receiving payment from Vietnam-based company for the supply of goods or services in Vietnam. Taxable income will be total value from the supply of goods or services in Vietnam.

### Non-residential individuals

Taxable incomes for non-residential individuals mean the entire earnings which a non-residential individual receives from doing work in Vietnam, irrespective of the location where the income is paid.

## 10. Other information

### Transfer pricing:

There is transfer pricing regulation which outlines various situations where transactions among/ between related parties must be conducted on arm's length basis. For compliance purpose, an annual declaration of related party transactions and transfer pricing methodologies used is required to be filed together with CIT return.

Effective from 05 February 2014, under the formal guidance on the Advance Pricing Arrangement (APA) programme, taxpayers are allowed to agree, on a unilateral, bilateral or multilateral basis with the relevant tax authority, the pricing of their related party transactions, in advance, for a period of not more than five years. The APA can be renewed where there are no material changes in comparison with the initial APA term.

### Double tax reliefs and tax treaties:

Vietnam has signed a Double Tax Treaty with more than 75 countries. Of which, some treaties have not been enforceable yet.

### Foreign exchange control

- VND must be used in transactions, quotation, contract within Vietnam territory unless specifically allowed;
- A foreign currency can be used as the functional currency for accounting and reporting purposes but VND translation is required for submitted statutory financial statements;
- Medium and long-term loan has to be reported with and periodically reported to the State Bank of Vietnam;
- Residents and non-residents can hold bank accounts in any currencies;
- Foreign currency can be remitted overseas upon satisfaction of certain registration and/or tax requirements.

*Crowe Horwath International's member firms are committed to impeccable quality service, highly integrated service delivery processes and a common set of core values that guide decisions daily*



# IPO quick facts

## 1. Bourses in the country

- a. Hanoi Stock Exchange (HNX).
- b. Hochiminh Stock Exchange (HOSE).

## 2. Admission requirements

### Hanoi Stock Exchange

#### a. Company size

Required minimum amount of paid-up charter capital is VND 30 billion at the time of listing registration.

#### b. Trading record

At least one (1) year under the form of joint stock company.

The applicant company must achieve the ROE at least 5% in the most recent year; have no overdue debts more than one year; and have no accumulated losses up to the year of listing.

#### c. Public shareholding requirement

A minimum of 15% of the voting shares of the applicant company must be owned by at least 100 shareholders who are not big shareholders, except in the case of a State enterprise converting into a shareholding company in accordance with the regulations of the Prime Minister.

#### d. Compliance with any development policy

The applicant company must comply with accounting and financial report legislations.

#### e. Qualitative requirements

A shareholder who is a board member, supervisory board member, director, deputy director and chief accountant must commit to not sell:

- i. any of their shares for the first six (6) months after listing;
- ii. 50% of its shares for six (6) months after the expiry of the time in (i).

The shares above exclude shares which the shareholder holds on behalf of the State.

#### f. Others

Financial statements in previous year which are audited by an auditing firm approved by the State Securities Commission.

### Hochiminh Stock Exchange

#### a. Company size

Required minimum amount of paid-up charter capital is VND 120 billion at the time of listing registration.

#### b. Trading record

At least two (2) years under the form of joint stock company and the applicant company must have profitable for the last two (2) consecutive years and no accumulated losses up to the year of listing.

The applicant company must achieve the ROE at least 5% in the most recent year and have no overdue debts more than one (1) year.

#### c. Public shareholding requirement

A minimum of 20% of the voting shares of the applicant company must be owned by at least 300 shareholders who are not big shareholders, except in the case of a State enterprise converting into a shareholding company in accordance with the regulations of the Prime Minister.

#### d. Compliance with any development policy

The applicant company must comply with accounting and financial report legislations.

#### e. Qualitative requirements

Disclosure must be made in relation to any debts owned to the applicant company by any board member, supervisory board member, director, deputy director, chief accountant, major shareholder or an affiliate of any of these persons.

A shareholder who is a board member, supervisory board member, director, deputy director and chief accountant must commit to not sell:

- i. any of their shares for the first six (6) months after listing;
- ii. 50% of its shares for six (6) months after the expiry of the time in (i).

The shares above exclude shares which the shareholder holds on behalf of the State.

#### f. Others

Financial statements in last two (2) years are audited by an auditing firm who is approved by State Securities Commission.

### 3. Typical issuance size

**Hanoi Stock Exchange:** minimum paid-up charter capital of VND 30 billion

**Hochiminh Stock Exchange:** minimum paid-up charter capital of VND 120 billion

### 4. Moratorium imposed

The State Securities Commission shall have the right to suspend the public securities offering for a maximum period of 60 days in the following cases:

- a. When the public securities offering registration dossier is discovered to have inaccurate information or omission of any important contents that may affect the investment decision and cause damages to investors;
- b. The distribution of securities is not conducted in compliance with Law on Security regarding securities distribution.

Within seven (7) days from date of the public securities offering suspension, the issuer must announce the suspension of the public securities offering in a manner stipulated in three (3) consecutive issues of one electronic newspaper or written newspaper and must revoke the securities which have been issued at the investors' request and at the same time refund the money to investors within 15 days upon receipt of the request.

When the causes leading to the suspension of the securities offering have been overcome, the State Securities Commission shall issue a written notice on cancellation of the suspension and the securities shall continue to be offered.

Within seven (7) days upon receipt of the notice on cancellation of the suspension, the issuer must announce the cancellation of the suspension.

### 5. Securities quoted allowed in foreign currency

No.

### 6. Requirements for the appointment of a resident / local director and board composition

Must not have a criminal record for a national security offence; and must not currently be subjected to criminal prosecution or any criminal sentence in accordance with the law of Vietnam and foreign laws.

### 7. Methods of offer and restrictions

- Initial public offering
- Additional shares offering
- The right to buy shares

### 8. Timeline

Due diligence and counseling.  
(Two (2) - three (3) months).



Submitting documents for registration of share listing.  
(One (1) month).



Completing the procedure of transaction registration.  
(Three (3) months).



Issuance and listing.

## 9. Approving Authorities

Vietnam State Securities Commission.

## 10. Estimated cost involved

- Initial listing registration fee: VND 10 million/ listing company
- Next supplemental listing fee: VND 5 million/ supplemental listing.
- Annual listing administration fee: VND 15 million for listing value below VND 100 billion; VND 20 million for listing value is between VND 100 and VND 500 billion; VND 20 million plus 0.001% listing value for listing value is more than VND 500 billion but no more than VND 50 million.
- Trading fee: 0.03%/trading value for listed shares and 0.02%/trading value for non-listed shares
- Annual member depository management fee: VND 20 million/year/member.

## 11. Language required for:

- a. Prospectus: Vietnamese
- b. Annual reports: Vietnamese
- c. Audit reports: Vietnamese

In case foreign language is used, financial statements should be represented bilingually.

## 12. Audit opinion required for

Unqualified auditors' opinion is expected. Therefore, if there is a qualified, adverse or disclaimer opinion, a proper explanation is required to be disclosed by the company within 24 hours.

## 13. Requirements of accounting auditors to be appointed

In order to provide audit service for listed companies, the audit firm is required to have:

- Business certification granted by the Ministry of Finance and further approved by the Vietnam State Securities Commission;
- Minimum legal capital from VND 6 billion;
- At least 10 approved practicing auditors;
- At least 24 months operating in auditing field;
- At least 250 audit clients;
- Qualified quality control system as per requirements under VSQC1;
- Implemented indemnity insurance or has provisioned for it;

## 14. Delisting standards from Bourses

Securities shall be delisted on the occurrence of any one of the following:

- The institution listing the securities on the Stock Exchange failed for a one year period to satisfy the conditions for listing;
- The listing institution itself suspends its main business and production activities, or such activities are suspended, for a one year period or longer;
- The business registration certificate is revoked;
- There is no share trading on the Stock Exchange for a period of twelve months;
- Business and production suffers a loss for three consecutive years, or total accumulated losses in the most recent audited financial statements exceed paid-up charter capital;
- The listing institution no longer exists as the result of a merger, consolidation, division, dissolution or bankruptcy; or the securities investment fund terminates its operation;
- In case that the approved auditing company gives qualified opinion or disclaimer opinion for the latest financial statement of listed companies;
- An institution receives approval for listing but fails to conduct listing procedures at the Stock Exchange within three months from the approval date;
- The listing institution is in breach in that it was late in lodging annual financial statements for a period of three consecutive years;
- The State Securities Commission or the Stock Exchange discovers that the listing institution falsified its application file for listing, or such file contained seriously incorrect information which affected the investors' decisions;
- The listing institution is in serious breach of its obligation to disclose information, or there are other circumstances in which the Stock Exchange or State Securities Commission considers it necessary to require delisting to protect investors' interests.
- Securities shall also be delisted when listing institution has the request to delist upon the approval from at least 50% shareholders who are not big shareholders.

*Capitalize on a worldwide team  
of experts ready to assist you in  
turning goals into achievements.*

---



# Human resource requirements

---

## 1. Special labor standards to take heed of

- Laborer's age is from 15 years old and over Probation period must be not over than 60 days for skilled workers and 30 days for other workers.

## 2. Social welfare: insurance, pension, etc

- Social Insurance contribution: 18% by the employer and 8% by the employee, are required with respect to Vietnamese employees;
- Health Insurance contribution: 3% by the employer and 1.5% by the employee, are required with respect for both Vietnamese employees and foreign employees;
- Unemployment insurance contribution: 1% by the employer and 1% by the employee, are required with respect to Vietnamese employees.
- Contributions are calculated based on the contracted salary and allowances but capped at 20 times of the basic salary given by the Government, VND 1,210,000 (for social insurance and health insurance); capped at 20 times of regional minimum salary given by the Government (for unemployment insurance);
- Minimum salary by region will be VND 3,750,000 for region I, VND 3,320,000 for region II, VND 2,900,000 for region III and VND 2,580,000 for region IV.

## 3. Requirements for retirement benefits

Vietnamese employees who have paid social insurance contribution for full 20 years or more are entitled to a retirement pension when reaching 60 years of age for men or 55 years of age for women.

## 4. Legal annual leave and public holidays

- Normally, 12 annual leave days per year;
- Public holidays include: calendar New Year holiday (01 day), Lunar New Year holiday (05 days), Hung Kings Commemoration Day (01 day), Liberation Day 30 April (01 day), International Labor Day 01 May (01 day), National Holiday 02 September (01 day).

## 5. Brief information on labour unions

Trade union organization in the company is to represent and protect the lawful rights and interests of the employees and the labour collective.

The company has to contribute trade union fee with amount of 2% of basic wage fund which is the base for social insurance contribution regardless trade union organization has been set up at the company or not (the current rates are 1% of basic wage fund for Vietnamese labourers and 2% of basic wage fund for the company).

# Local expertise, global connections

# Withdrawal procedures

---

## 1. Company: legal procedures required for liquidation

- a. Prepare and approve the decision on dissolution of the company.
- b. Organize and implement the liquidation of the company's assets.
- c. Announce publicly within seven (7) working days after the dissolution decision is passed by:
  - i. publicly posting at the company's head office and its branches.
  - ii. posted on National Business Registration Portal.
  - iii. sending the dissolution decision to the business registration body and tax authority.
  - iv. sending all creditors a notice of the settlement of the debt, including the creditor's name and address, debt amount, time-limit, location and method of payment of such debt, method and time-limit for dealing with creditors' complaints.
  - v. informing those having related rights, obligations or interests.
  - vi. informing employees in the enterprises.
- d. Set the company's debts in accordance with orders: unpaid wages, severance allowances, social insurance, tax liabilities and other debts.
- e. Submit the dissolution application documents by the legal representative to business registration body within five (5) working days upon the completion of full payment of all the company's debts and following up.

After 180 days from receiving dissolution decision without receiving opinion about dissolving enterprise or protest of related parties by writtern or within 05 working days from the date of receipt of all valid documents, the business registration body shall update legal status of the enterprise on National Business Registration Portal.

## 2. Company: tax requirements

- a. Within two (2) working days from receipt date of notice of the business registration body for the company's dissolution, the tax authorities shall implement to inform the stop of operation of the company and the end of tax code in process;
- b. The company shall submit tax dossiers and conduct tax finalization with in-charge tax authority;
- c. Within 10 working days from receipt date of tax dossiers for tax finalization, the tax authorities shall implement tax finalization.

## 3. Branch: legal procedures required for closing branch

- a. A branch or representative office of an enterprise shall be terminated under a decision of the enterprise or a decision to revoke the Certificate of registration of branch or representative office issued by a competent authority.
- b. Within 05 working days from the receipt of sufficient documents prescribed in Clause 2 of this Article, the business registration authority shall update the legal status of the branch or representative office on National Business Registration Portal.

## 4. Branch: tax requirements

At least 15 days before the branch ends its operation, the branch has to complete its obligation to tax authority.

## 5. Representative office: legal procedures required for closing office

Same as for branch.

## 6. Representative office: any tax requirements

Same as for branch.



## Contact Information

For more information, please contact:

Nguyen Quynh Nam  
Managing Partner  
nam.nguyen@crowehorwath.vn

Vu Lam  
International Liaison Partner  
lam.vu@crowehorwath.vn

tel +84 24 2220 8334  
fax + 84 24 2220 8335

## About us

Crowe Horwath Vietnam Audit Co., Ltd ( "Crowe Horwath Vietnam"), founded in 2008 with offices in both Hanoi and Ho Chi Minh city, is one of the leading mid-tier auditing, accounting and advisory service firms in Vietnam. Crowe Horwath Vietnam currently offers Audit, Accounting, Tax, Outsourcing, Business Advisory, Risk Consulting and other business-related services.

Crowe Horwath Vietnam is a full member of Crowe Horwath International, which is ranked among the top 10 largest global networks of independent audit, accounting and advisory services firms in the world. It is also ranked No. 6<sup>th</sup> in the Asia Pacific region.

Crowe Horwath Vietnam is committed to impeccable quality service, highly integrated service delivery processes and a common set of core values that guide our decisions daily.

Our firm is well-established as a leader in its national business community and is staffed by nationals, thereby providing a knowledge of local laws and tax regulations which is important to clients undertaking new ventures or expanding into other countries.

[www.crowehorwath.net](http://www.crowehorwath.net)

Crowe Horwath International is a leading international network of separate and independent accounting and consulting firms that may be licensed to use "Crowe Horwath" or "Horwath" in connection with the provision of accounting, auditing, tax, consulting or other professional services to their clients. Crowe Horwath International itself is a nonpracticing entity and does not provide professional services in its own right. Neither Crowe Horwath International nor any member is liable or responsible for the professional services performed by any other member.