The Vietnam market entry handbook:

A guide for foreign fund managers and corporates

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Why Vietnam?

Vietnam is one of Asia's top destinations for foreign investors, offering strong economic growth, a young and skilled workforce, and a business environment shaped by ongoing reforms and global integration. In 2023, Vietnam's GDP grew by 5.05%, and the median age is just 32.5 years, creating a dynamic labour market.

With more than 15 free trade agreements in place, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and EU-Vietnam Free Trade Agreement, Vietnam has become a regional hub for manufacturing, technology, and services. However, success here requires more than ambition. Investors need to understand Vietnam's legal, regulatory, and cultural landscape, build strong local relationships, and keep up with regulatory changes.

This handbook provides foreign investors with practical tools and up-to-date insights for every stage of the investment process.

With diligence, adaptability, and a commitment to compliance, investors can fully embrace the opportunities Vietnam offers now and in the future.

Vietnam key economic statistics

Population
101.3 million

Real GDP growth
7.1%

Real GDP
USD 476.3 billion

GDP per capita
USD 4,347

Inflation
3.12%

GDP by sector
Agriculture: 11.8%
Industry and construction: 37%
Services: 41.3%

* All values are estimates for 2024

Company structures

Selecting the right legal structure is essential for market entry. Vietnam offers several legal structures for foreign investors, each with unique governance, liability, and operational characteristics.

Limited Liability Company

A Limited Liability Company ("LLC") is the most common vehicle for foreign investment. It may be established as either a Single-Member LLC (wholly owned by one entity or individual) or a Multi-Member LLC (comprising between two and 50 members). Members' liability is limited to their contributed capital. While LLCs may issue bonds, they cannot issue shares. The governance structure typically includes a Members' Council, a Chairman, and a General Director.

Most foreign investors choose the LLC structure for its simplicity and limited liability. Ensure that charter capital is fully injected within 90 days of European Research Council issuance to avoid penalties.

Joint Stock Company

A Joint Stock Company ("JSC") requires a minimum of three shareholders. JSCs can issue shares, bonds, and other securities, making them suitable for businesses seeking capital or planning a public listing. The typical management structure includes a General Meeting of Shareholders ("GMS"), a Board of Directors ("BOD"), and a General Director. In certain cases, such as public companies or those with more than 11 shareholders and significant institutional ownership, a supervisory board or internal audit committee must be established in line with the Law on Enterprises and other applicable regulations.

Representative Office

A Representative Office ("RO") offers a non-commercial presence, allowing foreign enterprises to conduct liaison, promotion, and market research activities. It cannot generate revenue and is not a separate legal entity, instead operating as an extension of the foreign trader.

Branch Office

A Branch Office ("BO") is only allowed in sectors where Vietnamese law provides express permission. It may engage in revenue-generating activities but remains without separate legal personality and is subject to strict regulatory oversight. Establishing a BO or RO is more complex in regulated sectors such as banking, accounting, or legal services, which require prior consultation and official clearance from relevant ministries, including the State Bank of Vietnam or the Ministry of Finance. Compared with setting up an LLC or JSC, BO licensing typically involves longer processing times, stricter documentation, and a higher risk of rejection.

Business Cooperation Contract

A Business Cooperation Contract ("BCC") allows foreign and domestic investors to collaborate on a project without forming a separate legal entity. Revenue, profits, and responsibilities are shared based on agreed contractual terms.

Company structures

Project Office

A Project Office ("PO") is typically established by foreign contractors for the duration of a specific construction project in Vietnam. This structure is temporary and directly tied to the contract for which it is set up. Once the project is completed, the PO is dissolved in accordance with Vietnamese law.

All legal entities in Vietnam must appoint at least one legal representative who resides in Vietnam. Shareholders are required to inject the registered charter capital within 90 days following issuance of the Enterprise Registration Certificate ("ERC"). Companies are also required to comply with Vietnamese Accounting Standards ("VAS"). In addition, foreign ownership may be subject to sector-specific restrictions based on Vietnam's World Trade Organisation ("WTO") commitments and relevant government decrees.

Summary table

Entity type	Minimum owners	Legal status	Commercial activities	Most common use
LLC	1 (single) or 2–50 (multi-member)	Separate legal entity	Yes	Most foreign investment
JSC	3 or more shareholders	Separate legal entity	Yes	Public listing, capital raising
RO	1 parent company	Not separate legal entity	No	Market research, promotion, liaison
BO	1 parent company	Not separate legal entity	Yes (regulated sectors only)	Banking, legal, insurance
BCC	2 or more parties	Contractual only	Yes (per contract)	Joint ventures without establishing a company
PO	1 foreign contractor	Temporary setup	Yes (project-based)	Construction and engineering contracts

Establishing clear governance from the outset helps foreign fund managers maintain control while meeting Vietnamese regulatory requirements. The right governance structure not only ensures compliance but also creates operational efficiency and accountability.

Company set-up

Establishing a foreign investment in Vietnam involves three main steps, each with specific legal requirements.

Step 1: Apply for Investment Registration Certificate

The Investment Registration Certificate ("IRC") is the primary licence needed for foreign-invested projects in Vietnam. It confirms the approval of the investment by the relevant authorities.

To apply, you must submit:

- A detailed business plan
- Proof of the financial capacity of the investor
- Legal documents of the foreign investor

Processing time: 15 working days

Step 2: Apply for the ERC

After you receive the IRC, you can apply for the ERC. This document officially establishes your legal presence in Vietnam. Once issued, your entity is legally accepted and can proceed with business registration and tax setup.

Processing time: Three to six working days

Step 3: Post-licensing compliance

Before starting operations, you must complete several regulatory steps:

- Open a Direct Investment Capital Account ("DICA") at a Vietnamese bank for capital injection and profit repatriation
- Inject the full charter capital within 90 days of receiving the ERC; missing this deadline can result in penalties
- Register with the local tax authority, choose an accounting method, and appoint a chief accountant
- Register for electronic invoicing and set up accounting according to VAS
- Comply with labour laws, including registering employment contracts and insurance, and set up a trade union if you have ten or more employees
- Apply for work permits or exemptions for foreign staff, after getting labour demand approval from the Department of Labour

Vietnam is also moving towards International Financial Reporting Standards ("IFRS"), with voluntary adoption starting in 2025 and mandatory adoption for certain large or public-interest entities to follow later.

Documents required for applications

Required documents	Corporate investor	Individual investor
Certificate of incorporation and amendments	✓	
Latest directors and address register	✓	
Notarised passport (or Vietnamese ID) of authorised representative(s)	✓	
Notarised passport of corporate investor's legal representative	✓	
Notarised passport of foreign investor		✓
Notarised passport (or Vietnamese ID) of proposed FOE legal representative(s)	✓	✓
Bank letter confirming cash balance matching registered capital	✓	✓
Lease contract or MoU for FOE office in Vietnam	✓	✓
Landlord documentation: • Ownership certificate(s) or sub-lease agreement • Business registration certificate (if landlord is a legal entity)	✓	✓

Sub-licences and approvals

Certain sectors require a sub-licence or similar post-establishment approval before operations can begin. These are special permits issued by government agencies for activities like trading, retail, food, tourism, education, and more. Applying early for the correct sub-licences helps ensure full compliance and uninterrupted operations.

Trading licence

Foreign-invested companies that intend to engage in the retail distribution of goods or wholesale distribution of essential items (such as rice) must obtain a trading licence, formally known as the Licence for the Sale of Goods and Other Related Activities. Issued by the provincial Department of Industry and Trade, this licence grants authority for a company to:

- Distribute goods at the retail level in Vietnam
- Engage in wholesale distribution of regulated essential goods

A trading licence is not required for all import or export activities and is distinct from manufacturing or service-related licensing. It is specifically relevant where retail sales or wholesale trading of certain regulated goods is involved.

Retail outlet licence

A retail outlet licence is mandatory for any foreign-invested company intending to sell goods directly to consumers through a physical retail outlet. While the first outlet is usually approved without an Economic Needs Test ("ENT"), subsequent outlets typically require:

- Evaluation of market saturation
- Justification of economic need
- Compliance with ENT criteria, unless an exemption applies

Each additional outlet must be licensed individually. The licence is tied to a specific location and cannot be transferred to a new site without reapplication.

Other common sub-licences

Depending on the business sector, additional sub-licences may be required. These include, but are not limited to:

- Food safety and hygiene certificate
- Tourism operating licence
- Education operating permit
- Pharmaceutical and medical device import licence
- Environmental protection approvals
- Telecommunications and internet content licences

Each sub-licence application requires specific documentation and often involves consultation with the relevant ministry or regulatory authority.

In 2023, Vietnam recorded 3,188 new foreign direct investment projects totalling USD 36.6 billion, marking a 56.6% increase in project count and a 32.1% rise in capital compared to the previous year.

Sub-licences and approvals

Overview of common sub-licences

Sub-license / approval	Applicable sectors	Issuing authority	Estimated processing time*
Trading licence	Retail distribution of goods and wholesale distribution of regulated essential items (e.g. rice)	Department of Industry and Trade	3–4 weeks
Retail outlet licence	Physical retail stores (FIEs)	Department of Industry and Trade	2–4 weeks
Food safety and hygiene certificate	Food production, processing, F&B	Ministry of Health/ Department of Health	2–6 weeks
Tourism operating licence	Travel agencies, tour operators	Ministry of Culture, Sports and Tourism	2–4 weeks
Education operating permit	Schools, training hubs	Department of Education and Training	4–8 weeks
Pharmaceutical/ Medical device licence	Import, distribution of medical products	Ministry of Health	4–8 weeks
Environmental protection approvals	Manufacturing, construction	Department of Natural Resources and Environment	4–12 weeks
Telecommuni-cations/internet content	Digital services, ISPs, OTT	Ministry of Information and Communications	4–8 weeks

*Estimated government processing times. Actual timelines may vary based on application details and administrative factors.

Corporate governance structure

Governance rules in Vietnam depend on the type of company you set up. Each legal entity, such as a LLC or JSC, must follow specific management and decision-making structures set by law. These frameworks define who is responsible for major decisions, daily operations, and legal compliance. Understanding these requirements helps foreign investors choose the right business model and ensure smooth and accountable operations

Single-Member LLC (owned by an organisation or individual)

A Single-Member LLC must adopt one of two governance models:

- A president (or company owner) directly overseeing operations; or
- A members' council, where the owner appoints authorised representatives

A General Director is usually appointed to manage day-to-day operations under the supervision of the owner or members' council. The company must have at least one legal representative residing in Vietnam, typically holding a senior executive position such as eneral director or president.

In the case of an individual owner, that person retains all decision-making authority and may either manage the company directly or appoint a General Director.

Multi-Member LLC

A Multi-Member LLC must establish a members' council, comprising all company members or their authorised representatives. This is the highest decision-making body in the entity and is responsible for:

- Approving the charter and amendments
- Appointing or removing key personnel
- Approving financial statements and strategic direction

The chairman of the members' council leads meetings and is supported by a General Director who manages operations. The legal representative must reside in Vietnam and hold a key management position.

JSC

A JSC has a more complex structure suitable for capital acquisition and large-scale operations. The primary governance bodies include:

- GMS: the supreme body making decisions on governance, finance, and strategy
- BOD: elected by the GMS to oversee management, strategic policies, and company performance
- The General Director: appointed by the BOD to handle daily operations

Where a JSC has over 11 individual shareholders or institutional shareholders owning more than 50% of shares, a supervisory board (Board of Controllers) or internal audit committee must be established. This body ensures financial oversight and legal compliance.

Legal representatives, who must reside in Vietnam, are appointed by the BOD and are responsible for the company's legal obligations. A company may appoint more than one legal representative, but the charter must clearly define their respective roles and authority. Otherwise, all representatives are considered to hold equal power and joint liability.

Corporate structuring and forward-thinking strategy

Choosing the right corporate structure in Vietnam is about more than just setting up a company. A well-designed structure supports both your current business needs and your long-term goals. The right approach can reduce taxes, make it easier to move capital, and help your business adapt if laws or market conditions change. Planning ahead gives you more flexibility for future expansion, restructuring, or exit. Thinking strategically about structure from the start helps protect your investment and sets your business up for lasting success in Vietnam.

Laying the foundation for sustainable operations

Effective market entry into Vietnam requires more than selecting a legal vehicle. It calls for a corporate structure that aligns with both short-term objectives and long-term goals. Forward-thinking structuring can help mitigate regulatory risk, enhance capital flexibility, and facilitate future divestment or restructuring.

Regulatory considerations and structural flexibility

Vietnamese law mandates official approval for changes relating to key corporate matters, such as:

- Shareholder transfers
- Legal representative replacements
- Company relocation or business line modifications

Each amendment often requires notarised and legalised foreign documents, increasing time and cost. Moreover, legal updates or shifting interpretations may render certain modifications more burdensome - or unfeasible - over time.

The capital structure of an LLC in Vietnam is typically rigid. Equity is tied directly to the proportion of capital contribution, which can limit flexibility in allocating profit entitlements or adjusting ownership rights.

To address these constraints, many foreign investors establish a holding company ("HoldCo") offshore, which in turn owns 100% of the Vietnamese subsidiary. This approach offers structural advantages and simplifies:

- Shareholder arrangements
- Dividend distribution mechanisms
- Capital increases or transfers

By managing equity interests at the HoldCo level, investors avoid triggering Vietnamese procedural formalities for every internal adjustment.

Jurisdictional advantages

The jurisdiction selected for the HoldCo can provide tax, legal, and strategic benefits, including:

- Relief under Double Taxation Agreements
- Compliance with WTO national treatment rules for certain restricted sectors
- Greater legal certainty via common-law frameworks for shareholder agreements, governance, and dispute resolution

Corporate structuring and forward-thinking strategy

Potential risks and administrative complexity

Despite the advantages, HoldCo structures involve certain risks:

- Ongoing compliance costs for the offshore entity
- Exposure to evolving laws in the HoldCo jurisdiction
- Challenges in opening local bank accounts or explaining the structure to tax and regulatory authorities

Vietnamese tax authorities may "look through" offshore transactions if a restructuring involves a Vietnam-based target. In such cases, capital gains tax may be imposed domestically, even if the transaction occurs offshore.

Foreign investors are advised to assess corporate structuring from both operational and exit perspectives. While Vietnamese corporate forms can support robust business activity, strategic layering through a HoldCo - if appropriately managed - can offer flexibility, tax efficiency, and future-proofing benefits.

The structure chosen for your fund's Vietnam operations should balance tax efficiency, operational flexibility, and regulatory compliance. Taking time to design this structure thoughtfully at the outset will provide strategic advantages throughout your investment lifecycle in Vietnam.

Taxation and accounting compliance

Vietnam applies a detailed tax framework supported by strict filing requirements. Foreign-invested enterprises ("FIEs") in Vietnam are subject to a comprehensive taxation regime governed by the Law on Tax Administration and relevant guiding decrees and circulars. Compliance is critical from the outset of operations and throughout the business lifecycle.

Key taxes applicable to FIEs

Corporate Income Tax

- Standard rate of Corporate Income Tax ("CIT") is 20%
- Preferential rates or exemptions may apply to projects in high-tech, education, healthcare, renewable energy, or certain locations
- Tax is based on worldwide income for Vietnamese tax residents and on Vietnam-sourced income for non-residents

Value-Added Tax

- Standard rate of Value-Added Tax ("VAT") is 10%
- A reduced rate of 5% applies to essential goods and services (e.g., water, education, medical equipment)
- Some sectors like education and healthcare are exempt
- VAT is charged at each stage of the supply chain with input VAT credits offsetting output VAT obligations, provided proper documentation is maintained
- Goods and services sold to foreign entities and consumed outside the country are subject to a 0% VAT rate, provided the goods are physically exported in line with legal requirements

Personal Income Tax

- Personal Income Tax ("PIT") applies to income earned by individuals in Vietnam
- Progressive rates up to 35% apply to residents
- Non-residents are taxed at a flat rate of 20% on Vietnam-sourced income

Foreign Contractor Tax

- Foreign Contractor Tax ("FCT") applies to cross-border payments for services, interest, royalties, and certain goods associated with onshore services
- FCT is a composite of CIT and VAT, with rates varying by transaction type and treaty status

Withholding Tax

- Applies to dividends, royalties, and interest payments
- Dividend payments to foreign corporate shareholders are currently exempt

Other taxes

- Import and export duties, environmental protection tax, and business licence tax may also apply depending on business activities

Tax reporting and compliance

- CIT filings are due annually, with quarterly provisional payments
- VAT and PIT filings are monthly or quarterly based on company size and revenue
- All tax filings are submitted electronically and must be supported by proper accounting records

Accounting standards

- VAS apply to all enterprises
- VAS align partly with international standards but differ in areas like revenue recognition and consolidation
- FIEs must use a standard chart of accounts, certified accounting software, maintain records in Vietnamese dong, and appoint a qualified chief accountant
- Vietnam is introducing IFRS adoption, starting voluntarily in 2025 and becoming mandatory for certain large and public-interest entities over time

Proactive tax planning and rigorous compliance are essential components of successful fund operations in Vietnam. Establishing strong accounting systems and tax reporting processes from the outset will protect both your fund and your investors from unexpected liabilities and penalties.

Labour and employment regulations

Foreign investors must comply with Vietnam's employment laws when hiring both local and foreign staff. The Labour Code 2019 and related regulations set rules on contracts, working hours, wages, social insurance, and workplace safety. Compliance begins with the first hire and continues throughout employment.

Employment contracts

All employment relationships must have formal written contracts that include:

- Job description
- Workplace location
- Salary and benefits
- Working hours
- Social insurance obligations
- Contract duration (fixed term up to 36 months or indefinite)

Probationary periods are allowed but limited to a maximum of 60 days, depending on job complexity.

Working hours and leave

- Normal working hours: Up to eight hours per day and 48 hours per week
- Overtime must not exceed 40 hours per month and requires employee consent
- Employees are entitled to 12 to 16 days of annual leave based on years of service, paid public holidays, and maternity, paternity, and sick leave as required by law

Common work permit exemptions include

- Intra-corporate transferees
- Members of joint venture management boards
- Short-term assignments under 30 days

Social insurance obligations

Employers must register and contribute to social insurance, health insurance, and unemployment insurance on behalf of employees. Contributions are shared between employer and employee and calculated based on monthly salary.

FIEs must register their workforce with the local Department of Labour, Invalids and Social Affairs ("DoLISA") and keep accurate employment records.

Trade unions

Companies with ten or more Vietnamese employees are encouraged to support the formation of a grassroots trade union under the Vietnam General Confederation of Labour. Union membership is not mandatory but non-unionised companies may still need to pay union fees.

Employment of foreign nationals

To hire foreign workers, employers must:

- Submit a labour demand report to DoLISA justifying the need for foreign staff
- Obtain a work permit or a valid exemption for each foreign employee

Work permits are usually valid for up to two years and can be renewed once. Foreign workers must also have the appropriate visa and residency status.

Complying with Vietnam's labour laws is a primary concern for foreign fund managers to build and maintain a productive workforce. Strict adherence to regulations on employment contracts, social insurance, and workplace policies helps prevent disputes and supports stable operations. Engaging local expertise to stay current on labour requirements is a prudent step for any foreign-invested enterprise in Vietnam. Adhering to these rules supports long-term success and growth in the Vietnamese market.

Common challenges and strategic insights

Investing in Vietnam offers many opportunities but also involves regulatory, administrative, and operational challenges. Understanding these issues early helps investors manage risks and build a strong foundation for success

Regulatory ambiguity and administrative delays

Despite improvements, some investment conditions and licensing processes remain unclear. Procedures can vary by province, and unofficial guidance is often needed.

Insight: Early engagement with local advisors and proactive communication with relevant departments can help streamline procedures and reduce processing delays.

Licensing and sub-licensing complexities

Obtaining the IRC and ERC is just the start. Many sectors such as retail, education, food services, finance, and construction require additional licences.

Insight: Identify all necessary licences early and factor in extra time for these approvals in your market entry plan.

Capital injection and currency controls

Investors must inject the full charter capital within 90 days of ERC issuance to avoid penalties. Strict rules govern capital contributions, profit repatriation, and foreign loans.

Insight: Set up a DICA promptly and keep thorough records of all financial transactions.

Tax and accounting challenges

Vietnam's tax system is generally predictable but strict reporting and local variations can cause confusion, especially with VAT and FCT.

Insight: Work with qualified accountants familiar with VAS and sector-specific tax rules.

Human resources and cultural integration

Vietnam's young workforce is an asset, but challenges include complying with labour laws, attracting skilled staff, and managing cultural differences.

Insight: Offer competitive pay, invest in training, and respect local customs to build a stable and productive team.

Vietnam is an increasingly attractive destination for foreign investment. Success depends on careful planning, early investment in legal and operational infrastructure, and a commitment to transparency, compliance, and cultural understanding.

How can we help?

We simplify the process of entering and growing in the Vietnamese market. Our goal is to give foreign investors clear information, confidence, and the support needed to build successful businesses in this fast-moving environment.

We provide a wide range of services, including legal, corporate consulting, accounting, human resources, compliance, and taxation. Our solutions focus on practical results and fit the specific needs of each client. With strong local knowledge and a global outlook, we help ensure smooth market entry, effective governance, and ongoing compliance, all aimed at promoting long-term success in Vietnam.

When working with us in Vietnam, you gain access to a single source for all services across the full business value chain through one partnership. Our services are delivered locally by skilled client service teams and follow global operating standards that are reviewed each year. Our connected global network extends your reach beyond APAC and provides direct access to experts in other regions to support cross-border and offshore investments. Our diverse team speaks multiple languages, allowing us to serve clients in their preferred language while offering the benefits of a global business.

Contact our team of experts for more information.

Appendix: Vietnam market entry checklist

Pre-investment planning

- Define market strategy and select appropriate business structure
- Assess sector-specific restrictions and foreign ownership limits
- Prepare legalised documents for licensing

Licensing

- Apply for IRC
- Apply for ERC
- Apply for sub-licences (e.g., trading, retail, food safety)

Post-establishment compliance

- Open a DICA
- Inject charter capital within 90 days of ERC
- Register tax code and accounting method
- Appoint chief accountant and legal representative
- Activate electronic invoicing system
- Set up payroll, labour contracts, and social insurance registration

Operational readiness

- Apply for work permits or exemptions for foreign staff
- Establish internal governance and reporting processes
- Implement VAS-compliant accounting software
- Engage local advisors for ongoing tax and regulatory support

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