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# Doing Business In... 2025

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## **Vietnam: Law and Practice & Trends and Developments**

Thang Nguyen, Minh Nguyen and Nguyet Le  
ACSV Legal



# VIETNAM

## Law and Practice

### Contributed by:

Thang Nguyen, Minh Nguyen and Nguyet Le

**ACSV Legal**



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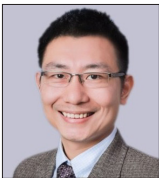
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**ACSV Legal** is a vibrant and dynamic Vietnam-based law firm located in Ho Chi Minh City with unparalleled domestic expertise. It has one of the premier corporate/M&A practices in Vietnam and has extensive experience in private equity transactions with a strong commercial focus. Its lawyers have advised various clients on (re-) structuring their businesses in light of investments in or outside Vietnam. The firm's clients are typically businesses within Southeast Asia that are experiencing significant growth, as well as leading international and local corporations

that need advice on a broad array of multi-jurisdictional transactions. ACSV Legal has advised its clients on matters in a wide range of sectors and industries such as healthcare, beauty and fitness, pharmaceutical, food and beverages, IT and technology, hospitality and leisure, education, retail, manufacturing and distribution, apparel and fashion, fintech and payment services. It has a team of more than 20 experienced lawyers who are qualified in Vietnam and the UK in civil and common law jurisdictions.

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## 1. Legal System

### 1.1 Legal System and Judicial Order

Vietnam's legal system follows the civil law tradition, noticeably influenced by continental European models (particularly the French Civil Code). It comprises various legal instruments published in the official gazette, with decrees and circulars guiding implementation. Local governmental agencies may also issue official letters for further guidance on the implementation of any of these pieces of legislation.

The judiciary consists of people's courts (exercising judicial power) and people's procuracies (exercising prosecutorial and supervisory power), operating at local, regional and national levels. Under the current Law on Amendment to the 2024 Law on People's Court Organisation that took effect on 1 July 2025 ("2025 Amendment Law"), the Supreme People's Court serves as the highest judicial authority, followed by the Provincial-Level People's Courts and the Regional People's Courts. These courts handle appeals, cassation and retrials based on legal effect and protest status. While no specialised first-instance courts for bankruptcy, labour, or IP exist yet, the 2025 Amendment Law envisions establishing them within Regional Courts in major cities to enhance judicial specialisation.

retains a clear distinction between foreign and Vietnamese investors. A variety of different procedures apply to foreign investors, defined by the volume and type of their desired Vietnamese engagement. Foreign investors are required to register their investment or obtain certain documents before they can start with their investment projects.

According to the law, when assessing the investment conditions and procedures, a foreign investor is, or is considered as such:

- an individual with a foreign nationality;
- an organisation incorporated in a foreign jurisdiction; or
- a Vietnamese-incorporated enterprise in the following cases:
  - (a) more than 50% of its charter capital is held by one or more foreign investors, or a partnership that has a majority of partners who are foreign individuals in the case of a partnership enterprise;
  - (b) more than 50% of its charter capital is held by one or more enterprises prescribed in (a) above; or
  - (c) more than 50% of its charter capital is held by one or more foreign investors and one or more economic organisations prescribed in (a) above.

## 2. Restrictions on Foreign Investments

### 2.1 Approval of Foreign Investments

Foreign investment into Vietnam requires approval and licensing by the local authorities, with the scope and shape largely dependent on the nature of the envisaged business. The 2020 Law on Investment, which entered into force on 1 January 2021 and was amended in 2025,

From the perspective of a foreign investor, Vietnamese investment law makes a general distinction between "conditional/restricted" and "unconditional/unrestricted" business lines. The conditional/restricted lines, to which certain additional requirements may apply, are foreign activities in Vietnam in industries that are considered "sensitive" or "crucial to the national interests of Vietnam". Some restricted business lines may not be performed under foreign ownership at all.

Under the 2020 Law on Investment, there are currently 229 conditional business lines which include, among others:

- accounting services;
- insurance services;
- securities trading;
- betting and casinos;
- oil and gas;
- healthcare-related businesses;
- businesses related to transport;
- real estate businesses;
- educational businesses;
- banking and finance-related businesses; and
- agriculture-related businesses.

A foreign investor in the market to purchase an existing (Vietnamese) entity – depending on the nature and scope of that entity’s business – may need to obtain prior approval from the Department of Finance (DOF) (formerly known as the Department of Planning and Investment – DPI) (“M&A Approval”) before capital can be contributed to or acquired in an existing enterprise.

## 2.2 Procedure and Sanctions in the Event of Non-Compliance

A foreign investor typically needs to complete a two-step procedure to operate in Vietnam. In the first step, the investor applies for an Investment Registration Certificate (IRC). In the second step, through the issuance of an Enterprise Registration Certificate (ERC), a new (foreign-owned) company is born.

For local investment by means of M&A, the investor must notify the acquisition to the competent authorities and obtain their approval. Given the strict oversight by regulatory authorities, especially DOF, the State Bank of Vietnam, unapproved foreign investment is virtually infeasible. Any attempt to bypass legal procedure

may result in full or partial mandatory termination of operations of the investment project.

## 2.3 Commitments Required From Foreign Investors

Commitments from investors (in addition to the investment capital they promise to deploy during their engagement in Vietnam) are not generally regulated. In practice, there are situations where the Vietnamese licensing authority will, at its discretion, make its agreement dependent on certain commitments from the investor (eg, contribution to infrastructure developments in the location of the business, etc). There are, however, no generally imposed commitments for foreign investors, outside of the general obligation to comply with all the laws of Vietnam while doing business in the jurisdiction.

## 2.4 Right to Appeal

While foreign investors may theoretically challenge a negative decision by investment authorities (mostly DOF) under the 2015 Law on Administrative Procedures, success is rare. The burden of proof is high, and, in practice, decisions are largely subject to the discretion of the authorities due to limited legal guidance. Investors facing objections are usually given the opportunity to revise their business plans in line with official feedback.

# 3. Corporate Vehicles

## 3.1 Most Common Forms of Legal Entity

A foreign investor will usually choose one of two main types of legal entities to carry out a project. Currently, typical options for a foreign-owned legal entity include:

- a limited liability company (LLC) in the form of either a single-member LLC or a multiple-member LLC; and
- a shareholding or joint-stock company (JSC).

There are two other types of common commercial presences that could be established to represent foreign investors in Vietnam:

- a representative office; and
- a branch.

The activities these presences can perform depend on the treaties that exist between Vietnam and the country in which the head office is based. For business activities that are outside the scope of a treaty or where no treaty exists, an authorisation from the competent Vietnamese authorities is needed. Considering that these are not independent legal entities, the parent company is liable for various aspects such as debts and obligations. Legal claims can be brought against the parent company.

## Representative Office

Foreign investors not yet ready to invest in Vietnam may establish a representative office, which is generally quicker and less complex than setting up a commercial entity. The investor's business must have operated for at least one year before applying.

Representative offices are prohibited from profit-generating activities but may conduct marketing, display products, and liaise with authorities. With a power of attorney, the head may sign contracts on behalf of the offshore company. They may also hire foreign and local staff in line with Vietnamese law.

## Branch

Foreign investors in certain business sectors, such as banking, IT, construction, franchising, non-life insurance and some securities services, could set up a branch as an alternative to establishing a new company. However, certain requirements need to be met. A foreign investor must have operated its offshore business for at least five years before the foreign investor can establish a branch in Vietnam.

Branches are permitted to conduct a wide range of commercial activities including the purchase and sale of goods, unless this is specifically prohibited in the licence granted to the branch or under the local laws.

## Definitions of Independent Legal Entities

- A single-member LLC is an enterprise under the ownership of an organisation or individual.
- A multiple-member LLC is an enterprise under the ownership of two to 50 organisations or individuals.
- A JSC is an enterprise with at least three shareholders. There is no restriction on the maximum number of shareholders. Shareholders may be organisations or individuals.

## Liability

- The single-member LLC's owner is liable for debts and other liabilities up to the single-member LLC's charter capital.
- The members of a multiple-member LLC are liable for debts and other liabilities to the extent of their contributed capital.
- The shareholders of a JSC are liable for the debts and other liabilities of the JSC to the extent of their own contributed capital.



## Minimum Investment Capital

### General

There is no defined minimum investment capital in unconditional businesses. However, a certain amount of capital contribution might be required in particular fields, where investment requires a high cash flow or poses large financial liabilities and risks upon the investment vehicle.

- The charter capital of a single-member LLC and a multiple-member LLC shall be the total value of capital contributed by the member(s) to the company.
- The charter capital of a JSC consists of the total aggregated par value of shares of all classes sold by the company.
- At the time of the registration of establishment, the charter capital is the total value of assets or capital that the owner or members undertake to contribute to an LLC, or the total aggregate par value of shares of all classes which have been registered for subscription by shareholders of a JSC, and stated in the charter of such company.

Capital contribution can be in the local currency (VND – Vietnamese dong), freely convertible foreign currency, gold, land-use rights, intellectual property rights, technology, technical know-how, or other assets which can be valued in VND.

### Capital contribution time limit

Owners of a single-member LLC, the members of a multiple-member LLC and shareholders of a JSC must contribute assets or capital as registered with the relevant authorities within 90 days from the date of issuance of the ERC. Owners of single-member LLCs, members of multiple-member LLCs, and shareholders of JSCs must contribute capital or pay for subscribed shares within 90 days from the date of ERC issuance, unless a shorter period is specified.

In case the capital is not contributed within the required or agreed period, the following procedure will apply.

- Single-member LLC – must adjust charter capital to reflect actual contribution within 30 days after the deadline. The owner remains liable for obligations up to the committed capital.
- Multiple-member LLC – a member failing to contribute in full loses membership or retains rights proportional to the amount paid. Unpaid capital will be sold as decided by the members' council. The company must update charter capital within 30 days.
- JSC – a shareholder not fully paying for shares loses rights to unpaid shares. Unpaid shares are deemed unsold and may be sold by the Board. The JSC must update charter capital and founding shareholders within 30 days.

## 3.2 Incorporation Process

A foreign investor must generally apply for an Investment Registration Certificate (IRC), which is issued by the competent DOF, before an economic organisation can be incorporated. The economic organisation must be incorporated in accordance with the laws on enterprises or other local laws corresponding with its form.

### ERC

All enterprises in Vietnam must obtain an ERC from the DOF. For new entities, only an ERC is required if foreign ownership does not exceed 50%. The ERC includes key company details such as enterprise name, code, head office address, ownership structure, legal representatives, and charter capital.

## IRC

Enterprises with over 50% foreign ownership must obtain both an IRC and an ERC when establishing a new company. The IRC, issued by the DOF (or zone authorities for specific projects), records details of the investment project, including investor information, capital, location, and objectives. In M&A deals, an IRC is not required, though M&A Approval may be needed in certain cases.

## Timeline and Required Documentation

### ERC

According to the statutory timeline, it typically takes about three business days to obtain an ERC upon submission of a sufficient application dossier.

### IRC

The preparation of the application dossier for an IRC, including the translation and execution of all documents, might take from two to four months.

Required documents include legalised and notarised investor passports, corporate and financial documents. Notably, Vietnam does not accept documents conflicting with its laws on sovereignty – for instance, passports with a “U-line” (eg, from China) will be rejected. While the statutory processing time is 15 days for simple cases, obtaining an IRC and ERC often takes longer in practice.

## Post-Establishment Formalities

Once the ERC has been obtained, several administrative formalities need to be fulfilled within the respective time limits, such as payment of licence tax and publication on the national enterprise registration information portal.

A company will also need to open bank accounts and make company seals to be able to initiate

its operation. A foreign-invested company incorporated by foreign investors via issuance of IRC or having more than 50% charter capital owned by foreign investors is required to open a direct investment capital account.

## 3.3 Ongoing Reporting and Disclosure Obligations

### Changes of Business Registration Contents

Any changes to the information specified on the ERC (eg, owner or members of an LLC) or the business registration contents (eg, foreign shareholders of a JSC) must be registered or notified by the company to the DOF within ten days from the day on which the change occurs.

### Changes of Investment Projects

Investors must conduct procedures to amend the IRC if any amendment of the investment project changes the contents of the IRC.

## Periodical Investment-Related Report Obligations

Investors and economic organisations implementing investment projects (companies incorporated via IRC) are subject to the investment-related report obligations under the laws of Vietnam (eg, periodical investment supervision and assessment reports, and online investment project implementation reports).

## Tax Declarations

A company has to submit monthly or quarterly reports to the regional tax office for value-added tax (VAT) returns, corporate income tax (CIT) returns, and personal income tax (PIT) returns, as well as a report of using the VAT invoices. Reports for VAT and CIT may also need to be submitted on a receipt basis in certain circumstances, such as when transferring real estate. A company has to pay VAT, CIT and PIT by the deadline when the reports have to be submitted.

If the reporting or payment is not done before the deadline, a fine can be imposed.

## Auditing

Foreign-owned entities, credit institutions, insurance enterprises, public companies, institutional securities traders and other large-scale enterprises must be audited at least once a year, and the audit must be completed within 90 days from the end of the calendar year. All auditing activities will follow the Vietnam Accounting Standards, which differ from the International Financial Reporting Standards (IFRS). These Vietnam standards are issued by the Ministry of Finance based on the international standards on auditing.

Vietnam is expected to adopt the IFRS shortly, which will likely impact the current way of doing business in Vietnam.

## 3.4 Management Structures

The two most common legal entities in Vietnam are the LLC and the JSC. They are distinguished by a defined management structure under the Vietnamese Law on Enterprises, which prescribes the following bodies of corporate governance.

### LLC

With respect to a single-member LLC, the management structure must include a president or a members' council and a director or general director if owned by an organisation, or a president and a director or general director if owned by an individual. As for those owned by a state-owned entity (SOE), the structure must also include an inspection committee.

With respect to a multiple-member LLC, the management structure must include a members' council, a chairperson of the members' council

and a director or general director. As for SOEs or their subsidiaries, the structure must also include an inspection committee.

### JSC

With respect to a JSC, except for public ones, which may need to be managed under another structure if stipulated in the Law on Securities, the management structure must include a General Meeting of Shareholders, a Board of Management (BOM), and a director or general director.

If a JSC has at least 11 shareholders or the corporate shareholder(s) hold at least 50% of total shares, the structure must also include an inspection committee. Otherwise, at least 20% of the BOM's members must be independent and there must be an audit committee under the BOM.

The director or general director is the person who manages the day-to-day business operations of the company. Vietnamese laws do not set out a terminological difference between a director and general director. In practice, an enterprise can opt to appoint this person as either director or general director based on its business models and management requirements. He/she usually is also the (only) person endowed with legal representation rights for the company, which makes him/her the entity's most important executive organ in practice.

Within the permissible realm of Vietnamese laws, investors can structure their investment vehicle according to their needs and preferences. Their choices will be recorded in the company charter, which will also specify the timing and procedure of (obligatory, annual) board meetings and other organisational standards.

## 3.5 Directors', Officers' and Shareholders' Liability

### Overview

Since 1 January 2018, Vietnam's Criminal Code has aligned more closely with international standards and allows for criminal liability of corporate entities. Violations in tax, competition, environment, and trade may result in either criminal or administrative sanctions. Administrative penalties are generally lighter with shorter limitation periods.

The Code applies to both local and foreign legal entities. While subsidiaries are treated independently, parent companies may be liable for actions of branches or representative offices. Criminal liability does not transfer automatically within corporate groups, and the extent of parent company responsibility remains unclear.

If a convicted entity is restructured, the successor inherits its liabilities. Corporate liability does not preclude individual accountability.

### Liability of Legal Representatives

The legal representative acts on behalf of the enterprise in transactions, litigation, arbitration, and other legal matters. If the company is subject to enforcement of tax or administrative decisions, the legal representative may face exit restrictions from Vietnam.

They may also be liable for violations under the 2019 Labour Code (eg, unlawful dismissal, anti-competitive conduct, or evasion of insurance obligations). While Vietnamese law lacks provisions on liability for failure to prevent crimes, individuals may be criminally liable for concealing or failing to report criminal acts.

### Liability of Shareholders

Shareholders are generally liable only up to their capital contributions. However, they may be personally liable if they abuse the corporate structure for fraud, evade legal obligations, or engage in unlawful conduct – allowing courts to “pierce the corporate veil”. Liability may also arise from statutory violations or personal guarantees made on behalf of the company.

### Consequences

Depending on the offence and the person or entity having committed the offence, the punishment can be a monetary fine, restraining measures, a forced suspension or termination of business operations, or a ban on conducting certain business activities and/or raising capital. In the case of aggravating circumstances such as recidivism, committed in a professional way or by a group, in the case of abuse of power and position, committed in the name of an agency or organisation, punishments can be higher.

Additional measures that can be applied include:

- compulsory dismantlement of works;
- compulsory removal from Vietnam's territory;
- destruction of goods; and
- bans and confiscatory measures.

## 4. Employment Law

### 4.1 Nature of Applicable Regulations Governing Law

The 2019 Labour Code, which came into effect on 1 January 2021, applies to all individuals – foreign and Vietnamese – working for Vietnam-based organisations or Vietnamese individuals, but also to Vietnamese nationals working overseas. Exceptions to this rule exist where an

international treaty to which Vietnam is a party states otherwise.

The 2019 Labour Code sets out provisions to protect the rights of employees and employers. Its provisions define the nature of the employment relationship and list the permissible clauses of labour contracts.

## Labour Contracts

A labour contract sets out an agreement between an employee and an employer on a paid job, that details the wage, the working conditions and the rights and obligations of each party. An agreement, though agreed by the parties to be named otherwise, still remains a labour contract as long as it has contents demonstrating a paid job with wage, administration, management and/or supervision by a party.

## Minimum Wage

The wage rate of an employee working in the private sector must not be lower than the minimum wage rate stipulated by the government. There are various regional minimum wage rates which might have to be considered in the investment decision when scouting for ideal locations within Vietnam. The minimum wage rate of a region is linked to the respective cost of living there and the pricing structure of the commercial environment, both of which are under regular review by the government.

## 4.2 Characteristics of Employment Contracts

Under Vietnamese law, there are two types of labour contracts:

- definite-term labour contract (term of up to 36 months); and
- indefinite-term labour contract (no duration defined).

Labour contracts can only be concluded and terminated in written form, except for a labour contract with a term of less than one month which may be concluded verbally in certain cases. Definite-term contracts (depending on the employed individual) may not be subject to additional limitations. Generally, Vietnamese law is in favour of indefinite-term labour contracts and does not allow employers to renew definite-term labour contracts more than one time with one individual.

## 4.3 Working Time

The regular working time is a maximum of eight hours a day and 48 hours a week. With respect to work requiring contact with dangerous and/or harmful factors, employers are responsible for applying the work time limits in accordance with national technical regulations and related laws.

Employers are entitled to require employees to work overtime under the following conditions:

- the employee agrees; and
- overtime hours will not exceed 50% of the normal working hours per day, with a maximum of 12 hours per day (normal hours plus overtime), 40 hours of overtime per month and 200 hours of overtime per year.

In some special sectors and industries, such as textiles and garments, leather, electronic products, aquaculture processing and telecommunications, and in extraordinary cases such as a lack of necessary workforce for urgent work, overtime is higher and capped at 300 hours of overtime per year.

An employer is required to notify the relevant Department of Home Affairs (DOHA) in writing of the implementation of an overtime policy exceeding 200 hours per year.

## 4.4 Termination of Employment Contracts

### No At-Will Employment

Vietnam does not follow at-will employment practices. Accordingly, an employer cannot unilaterally terminate a labour contract with an employee early without cause and without following mandatory procedures. Subject to the cause of labour termination, the employer must follow a strict procedure as set out in the 2019 Labour Code to validate the unilateral labour termination.

#### *Cases of unilateral labour termination by an employer*

An employer is entitled to unilaterally terminate a labour contract in the following circumstances:

- (a) the employee repeatedly fails to perform work in accordance with the terms of the labour contract as determined based on the assessment criteria of work performance level in the rule issued by the employer upon consulting opinions of an organisation representing employees at the grassroots level, which includes the trade union at grassroots level and other organisation of employees at an enterprise (labour union), if any;
- (b) the employee is ill or injured and remains unable to work after having received treatment for a period of 12 consecutive months (indefinite-term contract) or six consecutive months (definite-term contract with a duration between 12 and 36 months), and more than half of the contract duration (definite-term contract with a duration of less than 12 months);
- (c) the employer, although having taken all measures to remedy the problem, has to reduce the number of jobs due to natural disasters, fire, epidemics or other force majeure reasons;

- (d) the employee fails to attend the workplace within 15 days from the expiry of the suspension of the labour contract;
- (e) the employee reaches retirement age;
- (f) the employee arbitrarily leaves his/her work without proper reason for five consecutive working days or more; or
- (g) the employee provides untruthful information affecting his/her recruitment.

In the case of (a), (b), (c), (e) and (g) above, the employer must send the employee a written notice of termination as detailed below. At least:

- 45 days for indefinite-term contracts;
- 30 days for definite-term contracts with a duration between 12 and 36 months; and
- three working days for definite-term contracts of less than 12 months; or
- three working days for termination of the contract due to illness or injury of the employee.

#### *Financial compensation for the terminated employee*

To lawfully terminate the employment relationship, the employer needs to settle all payables to the employee until the effective date of the termination, including:

- wages, benefits and compulsory contributions (ie, social insurance, health insurance and unemployment insurance); and
- job loss allowance or severance allowance subject to the cause of termination (where applicable).

#### *Retrenchment*

To ensure the validity of retrenchment, the following significant procedures and requirements must be fulfilled by the employer:



- substantiate the grounds for retrenchment and establish its correlation with the need for layoffs;
- develop a comprehensive labour usage plan;
- engage in consultation with employee representatives through a workplace dialogue process;
- provide affected employees with offers for new positions (if available), and only after their rejection, include them in the list of employees to be laid off in the labour usage plan;
- publicly inform employees about the labour usage plan within 15 days of its approval; and
- provide a 30-day advance notice to the provincial People's Committee and the affected employees.

### *Termination of multiple employees due to a change of control*

Below are the significant procedures and requirements that must be satisfied to validate the termination. The employer must:

- substantiate the grounds for termination and establish its connection to the need for layoffs;
- develop a comprehensive labour usage plan;
- engage in consultation with employee representatives through a workplace dialogue process;
- provide affected employees with offers for new positions (if available), and only after their rejection, include them in the list of employees to be laid off in the labour usage plan;
- publicly inform employees about the labour usage plan within 15 days of its approval; and
- provide a 30-day advance notice to the provincial People's Committee and the affected employees.

### **Unilateral Termination by Employee**

An employee may unilaterally terminate the labour contract prior to its expiry by sending a prior notice of at least 45 days for indefinite-term labour contracts, 30 days for definite-term contracts with a duration between 12 and 36 months, or three working days for definite-term contracts with a duration of less than 12 months.

The prior notice is, however, not required in the following cases:

- the employee is not assigned to the job or workplace, or is not provided the working conditions as agreed upon in the labour contract, except for extraordinary cases where the employer is permitted under laws to assign jobs other than those agreed in the labour contract;
- the employee is not paid in full or on time, except for force majeure cases where the payment is delayed as permitted under law;
- the employee is maltreated or is subject to forced labour or other behaviour affecting his/her health, dignity or honour, including sexual harassment at the workplace;
- a female employee is pregnant and must quit the job as prescribed by a competent health establishment;
- the employee reaches retirement age; or
- the employer provides untruthful information affecting the implementation of the labour contract.

### **Collective Labour Agreements**

Vietnam also recognises the concept of collective labour agreements. These are written agreements which have been agreed between the employer and the labour collective following a collective bargaining session. The labour collective only needs a simple majority to vote in favour of the collective labour agreement. It is

binding, and both the employers and employees, whether starting work prior to or as from the binding date, must implement it, and comply with it, when it has been signed by legal representatives of the employer and the labour collective.

The collective labour agreement shall prevail over labour contracts and other rules of the employer if it stipulates greater rights, obligations and interests for the parties. In Vietnam, sector-specific agreements, known as industry collective labour agreements, exist. An industry collective labour agreement may also apply to a non-member enterprise if it has a scope of application covering more than 75% of employees or enterprises in the same industry in the industrial zone, economic zone, export processing zone or high-tech zone as decided by the competent authority.

## Trade Unions

Enterprise-level trade unions are the most common in Vietnam and are formed voluntarily as grassroots units of the national union. They work alongside state bodies to protect employees' rights and may monitor company operations. Employers must recognise and facilitate trade union activities and contribute 2% of their salary fund (used for social insurance) to the trade union fund, regardless of whether a union exists.

From 1 July 2025, expatriates with labour contracts of 12 months or more will be eligible to join grassroots trade unions – an important change under the new Law on Trade Unions.

## Workers' Union

In addition to trade unions, employees may form or join a workers' union under the 2019 Labour Code, subject to registration with the competent authority. Workers' unions have equal rights and

obligations as trade unions but cannot include both ordinary employees and those involved in HR decisions. A minimum number of employee members is required at registration, as prescribed by the government.

## 4.5 Employee Representations

Other than the powers and rights given to trade unions, it is not mandatory for employees to be represented, informed or consulted by management in Vietnam.

For the sake of clarification, under the 2019 Labour Code, while a representative organisation of employees at the grassroots level (ROE), including a grassroots trade union or workers' union at an enterprise, is voluntarily established by employees to protect their legitimate rights and interests in labour relations with their employer, the involvement of the ROE is required in certain circumstances, specifically:

- circulation of the performance improvement plan;
- retrenchment;
- termination with multiple employees due to a change of control;
- establishment of pay scales, payrolls and labour productivity norms;
- circulation of bonus regulations;
- issuance or amendment of internal labour regulations; and
- application of disciplinary measures.

If an ROE is not established within the company, the employer may be required to seek the involvement of a trade union at a higher level. However, this process can be time-consuming and may prolong the overall process of addressing the matters that require ROE participation.



## 5. Tax Law

### 5.1 Taxes Applicable to Employees/ Employers

#### PIT

##### Scope

PIT law applies, in principle, to both Vietnamese and foreign individuals who are residents in Vietnam or have income sourced from Vietnam. An individual is considered a resident if he/she:

- (a) is present in Vietnam for 183 days or more in a calendar year or during a period of 12 consecutive months from the date of entry into Vietnam (can be checked from entry/exit stamps in passport);
- (b) holds a temporary or permanent resident card with respect to foreigners, or a regular residential location registered as a permanent residence address in Vietnam with respect to Vietnamese citizens; or
- (c) has an irregular residential location or locations in Vietnam such as one or more hotel rooms and/or leased houses in Vietnam with aggregated lease terms of 183 days or more in a tax year.

If these criteria are not met, an individual will be considered a non-tax resident in Vietnam. In cases (b) and (c) above, an individual may be considered a non-resident if he/she is present in Vietnam for less than 183 days in a tax year and able to prove that he/she is considered a resident of another tax jurisdiction.

##### Taxable Income

Generally, taxable income comprises ten main types: income from employment, business, capital investments, capital transfers, real estate transfers, winnings or prizes in excess of VND10 million, inheritances in excess of VND10 million, copyrights in excess of VND10 million, franchis-

ing royalties in excess of VND10 million, and gifts in excess of VND10 million.

##### Tax Rates

For employment incomes of residents, a progressive system applies ranging from 5% to 35% depending on the annual or monthly taxable income. As for non-tax residents, a flat rate of 20% is imposed on the income derived from Vietnam.

For non-employment-related income, the rates vary from 0.1% to 20% subject to whether the taxpayer is a resident or non-resident and depending on the type of income; the way PIT is calculated also depends on the type of income.

Nevertheless, if a resident performs services but does not have a labour contract, or the labour contract is of a term under three months with payments each time amounting to VND2 million or more in total, in general, 10% will be withheld and paid directly to the tax authorities.

##### Mandatory (Social) Insurance

##### Applicable subject

Vietnamese employees and their employers are generally required to contribute to social insurance (SI), health insurance (HI), and unemployment insurance (UI). Foreign employees and their employers, while exempt from UI contributions, may still be subject to SI and/or HI depending on specific statutory conditions.

Under the 2024 Law on Social Insurance, the scope of mandatory SI coverage has been expanded to include additional groups beyond traditional employment relationships. These include:

- registered household business owners, as prescribed by law;

- business managers, controllers, and representatives of state or enterprise capital under the 2020 Law on Enterprises;
- individuals in non-salaried elected management roles in co-operatives and co-operative unions, as defined by the 2023 Law on Co-operatives; and
- part-time workers earning a monthly salary equal to or above the statutory SI threshold.

### *Applicable mandatory insurance contribution rates*

The rates of SI, HI and UI contributions paid for Vietnamese employees are:

Employee:

- SI: 8.0%
- HI: 1.5%
- UI: 1.0%
- Total: 10.5%

Employer:

- SI: 17.5%
- HI: 3.0%
- UI: 1.0%
- Total: 21.5%

The salary used for the calculation of the contributions consists of the monthly salary rate and certain allowances prescribed in the labour contract. However, the contribution amount is subject to a cap of 20 times the minimum salary for SI/HI contributions, as well as 20 times the minimum regional salary for UI contributions. It is important to note that the minimum salary and minimum regional salary are determined by the government and undergo an annual review.

Statutory employer contributions are tax-exempt for employees and are not counted as taxable

income or additional compensation. Employee contributions to statutory obligations are tax-deductible, reducing their taxable income and potentially lowering their tax liability.

Certain foreign employees who are internally transferred within a group, as well as employees who have reached the statutory retirement age, are exempt from mandatory SI contributions.

## 5.2 Taxes Applicable to Businesses CIT

### *Scope*

CIT law applies to a corporate taxpayer in Vietnam. Unlike PIT law, CIT law does not explicitly include the concept of resident or non-resident. Instead, it adopts the principle that a corporate taxpayer, whether located in Vietnam or overseas, must pay CIT for its incomes raised in Vietnam, or raised worldwide through its business facilities in Vietnam, unless otherwise stipulated in treaties to which Vietnam is a party.

For instance, if a foreign investor has a subsidiary company incorporated in Vietnam or has a permanent establishment in Vietnam, this foreign investor must pay the CIT to the Vietnamese authorities on its worldwide income earned through the Vietnamese subsidiary company or in connection with operations of the permanent establishment. However, CIT law also applies to companies without a permanent establishment in Vietnam. If this is the case, the company is only required to pay tax on income raised in Vietnam.

CIT is also imposed on earnings obtained through the production and trading of goods or services, or from other activities such as capital transfers or real estate transactions, etc.

## Tax Rates

The general tax rate is 20% and applies to all companies (however, from 1 October 2025, a tax rate of 15% will be applied to companies with an annual total revenue not exceeding VND3 billion, and a tax rate of 17% will be applied to companies with an annual total revenue between VND3 billion and VND50 billion) except for those prospecting, exploring and extracting oil, gas and other rare resources which are subject to higher tax rates. Tax incentives of a 10% or 17% CIT rate may be applied under certain conditions.

## Calculation

CIT is calculated based on the taxable profit of a company. The elements needed for this calculation are:

- total revenue that is domestic or foreign-sourced;
- deductible expenses;
- non-taxable income; and
- carry-forward losses and other assessable income.

For expenses to be deductible, the following criteria need to be satisfied:

- the expenses arose from and are related to the activities of production and business of the enterprise; and
- the expenses are supported by complete invoices, source vouchers and/or bank statements as stipulated by law – note that it is necessary to provide non-cash payment source vouchers if the expenses reach or exceed VND20 million.

Fines, penalties and taxes are not deductible. Under certain conditions, and sometimes limited to a maximum duration, start-up expenses, charitable contributions, payments to foreign

affiliates (royalties, loan interest and service fees), depreciation and amortisation of tangible and non-tangible assets, and interest expenses can be deducted; net operating losses can be carried forward for a certain amount of time.

## Capital Gains Tax

It is important to realise that under Vietnamese law, gains on the disposal of capital or securities in a Vietnamese entity, such as an LLC or JSC, are subject to CIT or PIT.

For a corporate entity disposing of capital or securities in a Vietnamese entity, the gain is treated as other income and will be taxed at the standard rate of 20%.

However, for a foreign corporate entity that has not had a permanent establishment in Vietnam, performs business in Vietnam for a period of under 183 days, or has not adopted Vietnamese accounting regimes or been issued with a tax code, the CIT tax rate is 0.1% of the proceeds when disposing of securities of a JSC; and when capital of an LLC is disposed, CIT on gains from transfers of capital will be levied at a rate of 20% on the respective income.

An emerging trend is the introduction of taxation not only on the transfer of interests in Vietnamese entities but also on the transfer of interests in overseas parent companies (both direct and indirect) of Vietnamese companies.

## Foreign Contractor Tax

Foreign organisations and individuals carrying out business in Vietnam or deriving income raised in Vietnam may be subject to foreign contractor tax (FCT). Generally, FCT is composed of CIT and VAT. The FCT tax rates, and the income used for calculating FCT, vary depending on the transaction and taxpayers' tax filing status.

The applicable tax rates and taxable incomes may be different from those stated above where the taxpayer fails to meet any of the following requirements:

- the taxpayer possesses a permanent establishment in Vietnam in case of a corporate one, or is a tax resident in Vietnam in case of an individual one;
- the taxpayer performs business in Vietnam for a period of 183 days or more; or
- the taxpayer has adopted Vietnamese accounting regimes, registered with a tax authority and been issued with a tax code.

The foreign contractors may benefit from double taxation agreements between Vietnam and their home country.

### 5.3 Available Tax Credits/Incentives Tax Incentives

Vietnam grants tax incentives to its foreign investors in order to attract more investment and to be more competitive for investors on the global stage. The existing regimes for these incentives vary greatly and differ between sectors and industries.

#### Industries and Sectors

Tax and land use incentives may apply to new or expanded projects in priority sectors (eg, education, healthcare, high-tech, R&D, environment, and infrastructure) or in incentivised regions. Projects with capital of at least VND6 trillion (USD240 million), disbursed within three years, may qualify if generating VND10,000 billion annual revenue or employing over 3,000 people. From 1 October 2025, this incentive will apply to projects with capital of at least VND12 trillion (USD480 million), disbursed within five years and using technology that meets the requirements prescribed by law.

Incentives also apply to high-tech firms, priority product manufacturers (eg, in textiles, electronics, auto, and shipbuilding), and investments supporting SMEs, start-ups, or distribution and technical infrastructure.

#### Auxiliary Industrial Zone

Infrastructure projects in Auxiliary Industrial Zones may receive land rent reductions, tax exemptions, 70-year lease terms, and priority access to state loans, ODA, and guaranteed foreign loans.

Projects manufacturing supporting industry products under Decree 111/2015/ND-CP may enjoy CIT and import/export duty incentives, as well as priority in training and support programmes for SMEs and start-ups.

#### Eco-Industrial Zone

Eco-enterprises in Eco-industrial Zones (EIZs) can enjoy preferential loans from the Vietnam Environment Protection Fund, the Vietnam Development Bank and/or other financial sources related to clean industry. They will have priority to participate in technical support or investment enhancement programmes. Finally, they shall be given priority in providing information related to the technology market and the possibility of co-operating in effecting industrial symbioses in the scope of production and business activities of these enterprises.

#### Specific Areas

Investors that invest in areas with poor socio-economic conditions, such as areas which have weak infrastructure or a lack of experienced labour force, or in remote rural areas, can qualify for tax reduction and exemption.

## Tax Holidays

Tax holidays can consist of tax rate reductions of 10% and 17% for 15 years and ten years respectively, starting from the commencement of the operation. It can also consist of a 50% reduction for two to nine years; or consist of a tax exemption for two to four years, followed by a tax rate reduction.

## Other Incentives

If they meet the relevant criteria, enterprises may qualify for participation in training or assistance programmes, and other programmes organised by the competent authorities. Qualifying enterprises may also receive preferential loans, participation in technical support or investment enhancement programmes, information on the technology market and co-operation opportunities, exemption from import duty on goods imported, and exemption from and reduction of land rental fees and non-agricultural land-use tax.

## 5.4 Tax Consolidation

There is currently no regime in place which allows for tax consolidation in Vietnam.

## 5.5 Thin Capitalisation Rules and Other Limitations

Except for certain sectors such as securities companies, Vietnam does not currently have any thin capitalisation rules or similar limitations in place. However, the government of Vietnam is currently considering the implementation of a debt-equity ratio, which is under discussion and may be implemented in the near future.

## 5.6 Transfer Pricing

Under Decree 132/2020/ND-CP (as amended by Decree 20/2025/ND-CP), companies with related-party transactions must submit relevant declaration forms with their CIT finalisation return

and prepare a transfer pricing dossier, including the Local File, Master File, and Country-by-Country Report (CbCR).

Interest expense is capped at 30% of EBITDA to prevent excessive debt use for tax avoidance. On 3 January 2025, Vietnam joined the OECD's Multilateral Competent Authority Agreement (MCAA) CbCR to facilitate global exchange of transfer pricing information.

## 5.7 Anti-Evasion Rules

Under the current Law on Tax Administration of Vietnam (No 38/2019/QH14), tax authorities have been endowed with additional enforcement powers, which directly translates into more stringent and successful prosecution of tax evaders. Specifically, in cases where there is suspicion of tax evasion, tax authorities may exercise the following powers during tax inspection.

- Collection of information related to tax evasion.
- Impoundment of documents and exhibits related to tax evasion.
- Inspection of premises for documents and exhibits related to tax evasion.

## 5.8 Tariffs

### Vietnam Tax Regime Overview and Tariff Structure

Vietnam's tariff regime reflects a balance between its commitment to international economic integration and the strategic need to protect certain domestic industries. The country has established free trade relations with more than 60 countries through the signing of 17 Free Trade Agreements (FTAs), including modern agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the EU-Vietnam Free Trade Agreement (EVFTA). These agreements have led

to significant tariff reductions, with many tariffs being eliminated entirely, positioning Vietnam as one of the most open economies in Southeast Asia. Despite this openness, Vietnam continues to maintain strategic protections for selected sectors critical to its industrial development.

Vietnam applies Most Favored Nation (MFN) tariff rates to imports from World Trade Organization (WTO) members with which it does not have specific preferential trade agreements, including the United States. As of 2023, the average MFN applied tariff rate stood at 9.4% overall, with rates of 17.1% for agricultural products and 8.1% for non-agricultural products. In contrast, FTA partners benefit from significantly reduced or eliminated tariffs, often as low as 0%, under Vietnam's preferential treatment schemes. These preferential arrangements apply to countries such as ASEAN members, Australia, Chile, China, Hong Kong, India, Japan, New Zealand, South Korea, and other CPTPP members.

### Strategic Sectoral Protection

Although Vietnam has pursued broad tariff liberalisation, it retains higher tariff barriers in specific sectors to support domestic industries. Tariffs are highest and most commonly imposed on products within five key areas: automotive, metals, chemicals and plastics, essential consumer goods, and selected manufactured products.

For instance, tariffs on vehicles and automotive parts are maintained to nurture Vietnam's emerging local manufacturing capabilities. Similarly, higher duties on aluminium, steel, and welding materials support the development of the national metallurgical sector. In the chemical and plastics industries, tariffs are used to encourage domestic production of products such as sorbitol, BOPP film, and diammonium phosphate. Essential consumer goods, including

monosodium glutamate (MSG) and cane sugar, are also protected to promote local food processing industries. Other products, such as confectionery, sweeteners, walnuts, ketchup, inkjet printers, soda ash, and stainless steel, remain subject to relatively higher tariff rates as part of a broader strategy to maintain competitiveness and secure domestic supply chains.

### Trade Defence Instruments

Alongside its tariff policies, Vietnam actively utilises trade defence instruments to counter unfair trade practices and to protect its domestic industries from adverse external impacts. The country employs anti-dumping duties to address artificially low-priced imports, countervailing duties (CVDs) to offset foreign subsidies, and safeguard measures to respond to sudden surges in imports that could harm domestic producers. These mechanisms play a vital role in maintaining a fair competitive environment, particularly in sectors where Vietnam has achieved or is developing sufficient domestic production capacity.

Vietnam actively employs several trade remedy mechanisms to maintain fair competition.

- Anti-dumping duties – counter artificially low-priced imports.
- Countervailing duties (CVDs) – address subsidised imports.
- Safeguard measures – protect against sudden import surges.

These instruments are crucial for preserving market balance while Vietnam continues its integration into global markets, particularly for industries with sufficient domestic production capacity.



## Impact of Global Developments

Vietnam's tariff regime continues to evolve in response to global economic developments. Recent disruptions to global supply chains, rising raw material costs, and escalating international trade tensions have prompted adjustments in tariff schedules and greater reliance on trade defence mechanisms. Notably, the imposition of a 46% tariff by the United States on certain Vietnamese exports in 2025 highlights the vulnerability of Vietnam's export-driven economy to external shocks. At the same time, ongoing negotiations for new FTAs and the implementation of existing agreements continue to drive Vietnam's broader trend toward further tariff reductions and deeper global economic integration.

In summary, Vietnam's tariff regime is characterised by widespread trade liberalisation balanced by the targeted protection of key domestic industries. While the country's network of FTAs promotes openness and competitiveness, its strategic use of higher tariffs and trade remedies demonstrates a nuanced approach to safeguarding national economic interests amid an increasingly volatile global environment.

## 6. Competition Law

### 6.1 Merger Control Notification

Vietnam's Competition Law regulates economic concentration, including mergers, acquisitions, consolidations, and joint ventures. Such transactions are prohibited if they cause or may cause significant anti-competitive effects.

Enterprises must notify the Vietnam Competition Commission (VCC) if any of the following thresholds are met.

- Total assets or sales/purchases in Vietnam  $\geq$  VND3,000 billion (USD120 million).
- Transaction value  $\geq$  VND1,000 billion (USD40 million).
- Combined market share  $\geq$  20% in the relevant market.

The same thresholds apply to offshore transactions. Higher thresholds apply to credit institutions, insurers, and securities firms.

### 6.2 Merger Control Procedure

The aforementioned economic concentration may only be implemented after the VCC's confirmation has been obtained, stating that the economic concentration is not prohibited under the Competition Law. Certain economic concentrations, though not prohibited, can only be performed and maintained where relevant conditions are satisfied as stipulated in the confirmation of the VCC.

### 6.3 Cartels

Under the regulations of Vietnamese competition law, there are several agreements that restrict competition and therefore risk illegality. To determine whether an agreement is legal, it is important to look at the relevant contents of the agreement, the relevant market of the parties to the agreement, the trade life cycle of the parties' products and services, and/or the level of restrictive effect on competition assessed by the VCC.

Such agreements are absolutely prohibited if they:

- prevent, restrain and disallow other enterprises from entering the market or developing business;
- abolish from the market enterprises other than the parties of the agreements; or

- conspire in biddings.

If the parties have the same relevant market, prohibited agreements include:

- directly or indirectly fixing prices;
- distributing outlets, sources of supply of goods, or provision of services; and
- restricting or controlling produced, purchased or sold quantities or volumes of goods or services.

If the parties have the same relevant market and the agreements may cause an appreciable restrictive effect on competition, prohibited agreements are those that:

- restrict technical or technological development and investments;
- impose conditions or unrelated obligations on the signing of purchase or sale contracts for goods or services;
- prevent transactions with parties other than the parties thereto;
- limit consumption or supply of goods or services of parties other than the parties thereto; or
- may cause other restrictive effects on competition.

If the parties have different production, distribution or supply businesses constituting a trade life cycle of a product or service and the agreements may cause an appreciable restrictive effect on competition, prohibited agreements are those that:

- directly or indirectly fix prices;
- distribute outlets, sources of supply of goods, or provision of services;

- restrict or control produced, purchased or sold quantities or volumes of goods or services;
- restrict technical or technological development and investments;
- impose conditions or unrelated obligations on the signing of purchase or sale contracts for goods or services;
- prevent transactions with parties other than the parties thereto;
- limit consumption or supply of goods or services of parties other than the parties thereto; or
- may cause other restrictive effects on competition.

In case the agreement benefits consumers and certain criteria are met, such as leading to technical innovation, an exception may be granted.

## 6.4 Abuse of Dominant Position

An enterprise or a group of enterprises with a dominant or monopolistic position in the market is prohibited from performing the following acts:

- (a) selling goods or services at prices below the total cost price resulting in eliminating competitors;
- (b) imposing unreasonable purchase or sale prices of goods or services, or fixing minimum resale prices, causing damage to customers;
- (c) restricting production or distribution, limiting the market, or hindering technical or technological development, causing damage to customers;
- (d) applying different commercial terms on similar transactions, causing restrictions to market entry or expansion by other enterprises or elimination of other enterprises;
- (e) imposing conditions or unrelated obligations on the signing of sale or purchase con-



tracts, causing restrictions to market entry or expansion by other enterprises or elimination of other enterprises;

- (f) preventing competitors from entering or expanding the market; or
- (g) other acts abusing the dominant position as prescribed by other laws.

An enterprise or a group of enterprises with a monopoly position is prohibited from performing acts mentioned in (b) to (f) above and from imposing adverse conditions on consumers, taking advantage of the monopolistic position to unilaterally change or cancel an executed contract without legitimate reasons or performing other acts abusing the monopolistic position as prescribed by other laws.

## 7. Intellectual Property

### 7.1 Patents

Generally, Vietnam allows protection for the following subject matters of patent rights:

- process or method; and
- products.

Vietnamese regulations distinguish two types of patents, namely:

- utility solutions (petty patent); and
- patent for invention.

A patent in Vietnam can be filed in one of the three following ways.

- Direct filing – a foreign patent applicant could file their patent in Vietnam directly.
- PCT Patent – within 31 months from the first filing date to the International Bureau of the World Intellectual Property Organization or

from the priority date, the applicant must submit the PCT application to Vietnam's National Office of Intellectual Property (NOIP).

- Paris Convention – within 12 months from the first filing date in a country which is a signatory of the Paris Convention Treaty, the applicant must submit the patent application to the NOIP.

Vietnamese regulations stipulate that a patent shall be locally protected if it meets the following requirements:

- novelty step;
- inventive step (not applicable to utility solution); and
- industrial applicability.

The validity for patents for utility solutions is ten years from the filing date.

The validity for patents for inventions is 20 years from the filing date. In order to maintain the validity of a Vietnamese patent, the owner must pay the annuity fee annually, subsequent to the granting of the patent.

Documentation required to file a Vietnamese patent:

- specification of the patent – if it is a PCT patent, it could be downloaded from WIPO's website;
- claims of patent or amended claims, if any;
- drawing (if any);
- certified copy of priority document (if any); and
- name and address of inventor and applicant.

### 7.2 Trade Marks

Vietnam's trade mark system protects visible signs and graphically representable sounds that

distinguish goods or services. Trade name rights arise from consistent, public use without registration, while domain names follow a first-come, first-served rule.

Trade marks are valid for ten years and renewable indefinitely. Registration takes up to 15 months and can be done locally or via the Madrid Protocol. Maintenance costs are relatively low.

### 7.3 Industrial Design

Industrial design means the outward appearance of a product embodied in three-dimensional configuration, lines, colours or a combination of such elements. Under Vietnamese law, industrial property rights to an industrial design shall be established based on a decision of the competent state body. This authority grants a protection title in accordance with the registration procedures stipulated in the Law on Intellectual Property of Vietnam or the recognition of international registration pursuant to an international treaty to which Vietnam is a member.

Generally, an industrial design is eligible for protection when it satisfies the following conditions:

- it is novel;
- it is of a creative nature; and
- it is susceptible to industrial application.

However, the following items are ineligible for protection as industrial designs:

- outward appearance of a product which is necessarily due to the technical features of the product;
- outward appearance of civil or industrial construction work; and
- shape of a product which is invisible during the use of the product.

Generally, the following organisations and individuals have the right to register industrial designs:

- authors who have created industrial designs through their own labour and at their own expense; and
- organisations or individuals who have supplied funds and material facilities to authors in the form of job assignment or hiring, unless otherwise agreed by the parties involved.

Industrial design applications in Vietnam must follow a prescribed form and be submitted to the Intellectual Property Office (IP Office) with required documents and images. The process includes a formality check (one month) and substantive examination (seven months from gazette publication), but in practice, the full process typically takes 1–1.5 years.

Under the “first to file” rule, only the earliest valid application will be granted protection if multiple similar filings exist. Ties with the same filing date require applicant agreement; otherwise, all are refused.

A granted design patent records ownership, authorship, and scope, and is valid for five years from filing, renewable twice for five years each.

### 7.4 Copyright Registration of Copyright

Copyright in Vietnam is administered by the National Copyright Office and covers works including computer programs, which are not patentable. Vietnam follows the Berne Convention, with protection lasting 75 years from publication for certain works, and life of the author plus 50 years for others.

Although registration is not mandatory, it is recommended for legal certainty.

## 7.5 Others

Software is protected as a “computer program” under Vietnamese IP law and qualifies for copyright as a literary work, regardless of format. Trade secrets, protected as industrial property, require confidentiality and legal acquisition, without formal registration. Databases may be protected only if they qualify as copyrightable works or trade secrets.

Although Vietnam has improved its IP framework, enforcement remains a concern due to limited infrastructure and capacity, affecting investor confidence.

## 8. Data Protection

### 8.1 Applicable Regulations

Effective from 1 July 2023, Decree 13/2023/ND-CP introduced Vietnam’s first comprehensive personal data protection (PDP) framework. Key provisions include:

- classification of personal data into basic and sensitive;
- legal bases for data processing without consent;
- requirements on consent forms, response timelines, encryption, data protection officers, and cross-border data transfer registration;
- mandatory impact assessments;
- data subjects’ rights (access, correction, deletion, objection and portability);
- specific cases allowing data processing without consent (eg, emergencies, national security and contractual obligations); and

- special rules for children’s data, requiring dual consent from the child (age 7+) and parent/guardian.

The Data Law is distinct from the Personal Data Protection Law (PDPL). The PDPL primarily focuses on personal data, covers a wide range of areas, including marketing services, behavioural advertising, big data processing, AI, cloud computing, employee monitoring and recruitment, financial banking and credit information, healthcare, insurance, social network and communication services through cyberspace and more. The PDPL was enacted on 26 June 2025 and will take effect on 1 January 2026.

### 8.2 Geographical Scope

Under the Data Law, when transferring and processing important data and core data across borders, such transferring and processing must satisfy certain requirements, including ensuring national defence, security, and protecting national interests, public interest, as well as the rights and legitimate interests of data subjects and data owners in accordance with the laws and international treaties to which Vietnam is a signatory.

Decree 13 binds foreign and local companies based in Vietnam to the same standards of protection. Decree 13, however, does not directly apply to offshore companies. However, when there is a cross-border transfer of data, Decree 13 requires the transferor to submit the contact details of the transferee to the Ministry of Public Security (MPS).

### 8.3 Role and Authority of the Data Protection Agency

The MPS and its Department of Cybersecurity and Hi-tech Crime Prevention (A05) are in charge

of the execution and implementation of Decree 13.

Under the Data Law, organisations and individuals must provide data to state agencies upon authorised request, even without the data subject's consent, in the following specific circumstances:

- emergency response;
- threats to national security that are yet to be a state of emergency, or disasters; and
- prevention and control of riots and terrorism.

Competent state agencies may apply measures to decrypt data without the consent of the data owner or data administrator in special cases such as:

- states of emergency;
- responding to threats to national security that are yet to be a state of emergency;
- disasters; and
- anti-riot and anti-terrorism purposes upon requests from competent authorities.

Further details will be provided by the government.

## 9. Looking Forward

### 9.1 Upcoming Legal Reforms

#### Amended Law on Enterprises

The amended Law on Enterprises, officially enacted on 17 June 2025 and entering into force on 1 July 2025, introduces several key changes aimed at addressing gaps in the existing legal framework, enhancing corporate transparency, and aligning with Vietnam's commitments in combatting against money laundering, terrorist funding and mass-destruction-weapon prolifera-

tion financing. Notably, the Law incorporates, for the first time, the concept of a "beneficial owner", requiring enterprises to collect and update information on individuals who directly or indirectly hold at least 25% of the charter capital or profits, or otherwise exercise significant control over the company. The definition of "beneficial owner" under the amended Law on Enterprises is similar to the definition of "ultimate beneficial owner" or UBO in some other jurisdictions.

In addition, the amended Law introduces tighter restriction over the private placement of corporate bonds by limiting an enterprise's total liabilities to no more than five times its equity. It also defines and prohibits "false declaration of charter capital", aiming to curb the practice of inflating registered capital figures without actual financial contribution.

These amendments reflect the government's ongoing efforts to improve corporate governance standards and strengthen market discipline in line with international best practices.

#### Amended Law on Securities

On 29 November 2024, the National Assembly of Vietnam adopted Law No 56/2024/QH15, amending several provisions of, among others, Securities Law 2019 ("2024 Amendment Law"), which entered into force from 1 January 2025, with several provisions on professional securities investors and eligibility of public companies.

The 2024 Amendment Law aims to enhance transparency, governance and investor protection in the Vietnamese securities market and to align with international best practices. The key amendments include the following.

- Stricter protection measures for professional securities investors when engaging in the corporate bond market.
- New conditions for private and public securities issuance, including additional requirements for eligible investors and new rules on suspension and cancellation.
- New conditions for private and public securities issuance.
- More eligibility requirements, relaxed share redemption rules and stricter cancellation events.

## Law on Personal Data Protection

On 26 June 2025, the National Assembly officially approved the Law on Personal Data Protection (PDPL), which will take effect on 1 January 2026. This legislation aims to unify Vietnam's data regulations and applies across sectors like AI, banking, healthcare, insurance, digital platforms, and cloud-based services.

It imposes fines of up to ten times the revenue or VND3 billion (whichever is higher) for data trading, up to 5% of the violator's revenue of the preceding year or VND3 billion (whichever is higher) for data cross-border transfer violations,

and up to VND3 billion for other breaches. Additionally, according to the PDPL, small and start-up enterprises is exempt from the obligation to retain a data protection officer/data protection department (DPO/DPD) for five years since 1 January 2026, and household businesses and microenterprises are exempt from the obligation to retain a DPO/DPD if they do not run a business in personal data processing, do not directly process sensitive data, and do not process personal data of a large number of data subjects.

Notably, the PDPL clarifies the obligations with regards to Data Cross-Border Transfer Impact Assessment (DTIA) and Data Processing Impact Assessment (DPIA). According to the PDPL, applicable reporting companies must submit DPIA or DTIA one time during the company's lifetime within 60 days from the date of processing PD, or from the date of PD cross-border transfer. Thereafter, applicable reporting companies must submit the updated versions of the DPIA or DTIA every six months if there is any change, unless the change is in relation to the business line, the DPO/DPD or the company existence and structuring.

## Trends and Developments

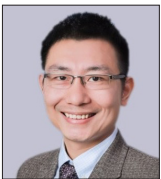
### Contributed by:

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**ACSV Legal**

**ACSV Legal** is a vibrant and dynamic Vietnam-based law firm located in Ho Chi Minh City with unparalleled domestic expertise. It has one of the premier corporate/M&A practices in Vietnam and has extensive experience in private equity transactions with a strong commercial focus. Its lawyers have advised various clients on (re-) structuring their businesses in light of investments in or outside Vietnam. The firm's clients are typically businesses within Southeast Asia that are experiencing significant growth, as well as leading international and local corporations

that need advice on a broad array of multi-jurisdictional transactions. ACSV Legal has advised its clients on matters in a wide range of sectors and industries such as healthcare, beauty and fitness, pharmaceutical, food and beverages, IT and technology, hospitality and leisure, education, retail, manufacturing and distribution, apparel and fashion, fintech and payment services. It has a team of more than 30 experienced lawyers who are qualified in Vietnam and the UK in civil and common law jurisdictions.

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## Personal Data Protection: Strengthening Compliance and Sector-Wide Responsibilities

Vietnam is poised to enact its first comprehensive Personal Data Protection Law, marking a significant evolution from the current regulatory framework under Decree 13. Adopted by the National Assembly in June 2025, the Law on Personal Data Protection (PDPL) is scheduled to take effect in January 2026. This new legislation aims to provide clearer legal guidance for individuals and businesses in managing personal data amid rapid digitalisation.

Similar to Decree 13, the PDPL introduces and further strengthens foundational rights for data subjects, such as the rights to know, consent, access, rectify, and delete their personal data. These rights mirror global best practices and place individuals at the centre of data protection efforts.

Notably, the PDPL moves beyond general rules and introduces sector-specific obligations for high-risk industries, such as:

- marketing and targeted advertising;
- artificial intelligence and big data;
- cloud services and online platforms;
- labour recruitment and workplace surveillance; and
- finance, insurance and healthcare.

Each sector is subject to distinct safeguards, consent conditions, and transparency requirements. This reflects a more practical and nuanced approach, requiring businesses to align privacy compliance with their operational realities.

Although the sanctioning decree in the area of data privacy has not yet been issued, it appears that the adoption of the sanctioning decree will

soon follow the enactment of the PDPL. Notably, the PDPL itself already provides a legal basis for penalties by expressly stating that violations of its provisions shall be subject to administrative, civil or criminal sanctions in accordance with relevant laws.

Under the PDPL, administrative fines vary depending on the nature and severity of the breach. Specifically:

- for the illegal sale or purchase of personal data, a fine of up to ten times the revenue from the sale, or VND3 billion (approximately USD150,000), whichever is higher;
- for cross-border transfer violations, a fine of up to 5% of the violator's revenue of the preceding year, or VND3 billion (approximately USD150,000), whichever is higher; and
- for other violations, a fine of up to VND3 billion (approximately USD150,000).

These general penalty thresholds are expected to be further elaborated in the forthcoming sanctioning decree.

As Vietnam positions itself as a digitally driven nation, the PDPL, together with its upcoming enforcement framework, is set to reshape the business landscape and drive stronger data governance practices across sectors.

## Amended Law on Enterprises: enhancing transparency and corporate oversight

Vietnam has committed to meeting international anti-money laundering standards set by the Financial Action Task Force (FATF). However, in 2023, the FATF placed Vietnam on its “grey list” due to insufficient transparency regarding beneficial ownership. In response, the government issued an action plan in early 2024, requiring legal reforms to identify and monitor individuals



who ultimately control or benefit from corporate entities.

As part of this reform effort, the amended Law on Enterprises, issued on 17 June 2025 and entering into force on 1 July 2025, introduces for the first time provisions that recognise the concept of a “beneficial owner” in the corporate governance framework. While the amended Law refers to the general concept, the detailed criteria for identifying beneficial owners are set out in the implementing guidance, namely Decree No. 168/2025/ND-CP dated 30 June 2025. Under this Decree, a “beneficial owner” is defined as an individual who:

- holds, directly or indirectly, at least 25% of charter capital of an enterprise; or
- has control over key corporate decisions such as appointments, charter amendments, or company restructuring.

These provisions also impose several compliance obligations on businesses.

- Information collection – identify and verify beneficial ownership.
- Record-keeping – maintain updated records and promptly reflect any changes.
- Disclosure – report beneficial ownership information to competent authorities.

While the reform strengthens corporate transparency and helps align Vietnam with international practices, it also creates new compliance burdens, especially for companies with multiple-layer ownership structure or cross-border shareholders. Businesses should proactively review current ownership arrangements and prepare systems for ongoing disclosure and monitoring as early as possible.

## *Arbitration reform: enhancing Vietnam’s alignment with international standards*

Due to the rapid growth of international arbitration and Vietnam’s deeper integration into the global economy, the 2010 Law on Commercial Arbitration has revealed gaps and inconsistencies with international practices. To modernise the domestic legal framework and enhance foreign investors’ confidence, the Vietnamese government has released a draft amendment to the 2010 Law on Commercial Arbitration (“Draft Amended LCA”) for public consultation. Key proposed changes include the following.

- Expansion of arbitration jurisdiction – the Draft Amended LCA removes the word “commercial”, thereby allowing arbitration of any dispute permitted by the laws of Vietnam to be settled via arbitration. This change broadens the scope of arbitrable matters and promotes a more welcoming environment for foreign investors.
- Introduction of emergency arbitrators – the Draft Amended LCA introduces a new concept of emergency arbitrators who have the power to issue interim measures before an arbitral tribunal is officially constituted. This is a welcome move to boost the efficiency and expeditiousness of arbitration proceedings.
- Presumption of notice delivery – according to the Draft Amended LCA, services of notices are deemed successful if the notices were sent to the party’s last known address. This amendment is to ensure that the arbitration proceedings are not obstructed by guerilla tactics.
- Court fee for annulment requests – the Draft Amended LCA introduces a court fee tied to an award annulment process in order to discourage groundless attempts to annul arbitral awards and preserve the finality of arbitration.

The new reforms in the Draft Amended LCA make arbitration regulations of Vietnam more in line with the UNCITRAL Model Law and international arbitration practices, paving the way for a wider adoption of arbitration in handling disputes in Vietnam.

*Modernising insolvency regulations: Vietnam advances towards digitalisation and international best practices*

The need to revise the current Law on Bankruptcy has been widely acknowledged, with legislators highlighting the importance of a comprehensive update to reflect modern economic conditions and align with international best practices. The proposed amendments – now in their third draft (“Draft Law”) – aim to enhance legal certainty, streamline insolvency procedures, and strengthen mechanisms for business recovery. Here are some key amendments that should be watched out for in this draft.

- Digitalisation of bankruptcy proceedings – the Draft Law introduces provisions for online bankruptcy filings, digital submission of documents and virtual hearings. These measures are expected to improve efficiency, transparency and accessibility for parties involved in insolvency cases.

- Establishment of specialised bankruptcy courts – a new specialised court system will be created to handle bankruptcy matters within the territorial jurisdiction where the relevant enterprise or co-operative is located.
- Promotion of mediation – the Draft Law requires the trustee/liquidator to facilitate mediation in disputes involving enterprises or co-operatives undergoing bankruptcy, upon their request. This supports amicable dispute resolution during the insolvency process.
- Adoption of international recovery plan procedures – according to the Draft Law, the recovery plan can allow distressed businesses to be restructured and/or to continue operations, aligning with global practices in insolvency reform.

As can be seen, the current Law on Insolvency is expected to be amended in a way that marks a significant step towards harmonising Vietnam’s insolvency regime with international standards, while also reinforcing the role of judicial oversight in insolvency proceedings.

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