

Establishing a Presence in Vietnam

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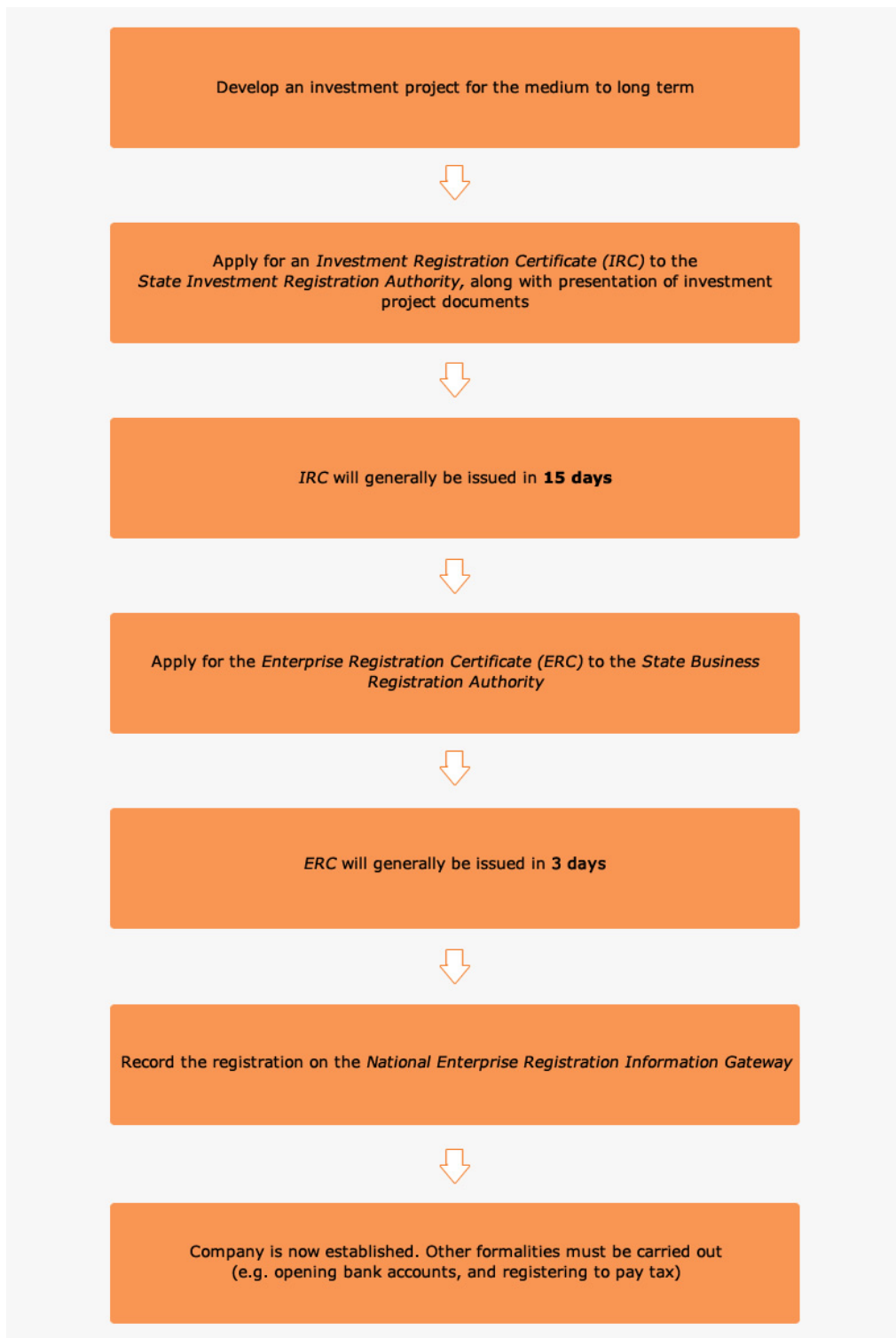
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There are various ways in which a Hong Kong company can establish a presence in Vietnam.

1. Set up a Hong Kong-owned Company

This is the primary way to establish a long-term corporate presence in Vietnam, and can be achieved through setting up a limited liability company, a joint stock company or a partnership.

The figure below provides an overview of the steps involved, irrespective of the type of company being considered. Further information can be found on the website of the *Ministry of Planning and Investment of Vietnam*: the [National Business Registration](#) portal and the *Foreign Investment Agency* portal.



Basic steps to establish a Hong Kong company in Vietnam

2. Open a branch or representative office

For companies first considering an entry into Vietnam, opening a representative office (RO) is more common than establishing a branch, the latter of which is only permitted in a few sectors. The key differences between an RO and a branch are as follows:

- Foreign companies only need to be in operations for more than a year to open an RO in Vietnam, whereas they must be in operations for at least five years before setting up a branch.
- Only branches can conduct commercial activities in Vietnam. Therefore, branches face more scrutiny and must follow Vietnam's accounting regime, and they should report annually to the *Ministry of Trade* on the operational and financial position of their business.
- ROs are required to submit annual reports to the provincial *Trade Department Office*.

To open either an RO or branch in Vietnam, foreign companies should apply for a *Representative Office Licence* to the provincial *Department of Industry and Trade* or the *Management Board* of special-purpose zones (i.e. industrial zones and high-tech parks). This usually takes seven working days. The licence is valid for five years but may be extended or re-issued upon expiry.

More guidance on the regulations on opening a branch or representative office can be found in *Decree No. 07/2016/ND-CP*.

3. Enter into a business co-operation contract (BCC)

This is a co-operation agreement between foreign investors and Vietnamese partners. No legal entity is created.

4. Enter into a public-private partnership (PPP)

A PPP contract is an investment agreement between the government authorities and project companies. Common PPP contracts include Build-Operate-Transfer (BOT), Build-Transfer (BT), Build-Transfer-Operate (BTO) and Operate-Manage (O&M) contracts. One major difference between the contracts is the point in time that the project is transferred to the government.

PPP contracts are typically used for infrastructure projects (e.g. transportation, electricity production and water supply projects). As Vietnam undergoes significant infrastructure development, the government will be looking to enter into more PPPs to bridge the investment gap.

In 2015, the government issued a decree on PPP Investment to provide a single legal framework for private investment in public sector projects. Further information can be found on the [Ministry of Planning and Investment website](#).

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