A Useful Guide For Doing Business In Vietnam

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Doing Business in Vietnam

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Preface

This book was prepared by Ernst & Young Vietnam. It was written to provide a quick overview of the investment climate, forms of business organization, taxation, and business and accounting practices in Vietnam. While the information contained in the book was, to the best of our knowledge, current at the time of writing, the rapid pace of change in Vietnam means that laws and regulations may have changed to reflect new conditions. Making decisions about foreign operations is complex and requires an intimate knowledge of a country's commercial climate, with a realization that the climate can change overnight. Companies doing business in Vietnam, or planning to do so, are advised to obtain current and specific information from experienced professionals. This book reflects information available as of 1 December 2006.

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A.1 Vietnam as an Investment Location

Vietnam has emerged as one of the most popular investment destinations in Asia, offering advantages such as:

- A well-educated population, which offers potential as both a workforce and a consumer market;
- Under-exploited mineral resources;
- A central location from which to reach other markets in southern Asia;
- Continued inflows of foreign aid;
- A commitment by the Government to economic pragmatism; and
- Significant investment incentives for selected types of businesses.

A.2 Geography

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

Vietnam has a land area of 325,360 square kilometers. Most of the country is hilly or mountainous, with flat land representing only about 20 percent. The primary topographical features in the north are the highlands and the Red River Delta and the south includes the central mountains, coastal lowlands and the Mekong River Delta.

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

A.3 Population and Labor Force

As of July 2006, Vietnam had an estimated population of 84.4 million. This population is predominantly young, with approximately 27% below the age of 15 and a median age of 25.9 years. The annual population growth rate declined from 1.9% in 1990 to under 1.4% in 2000, and dropped further to 1.02% in 2006.

The population is composed of nearly 90% ethnic Vietnamese, with Chinese, Hmong, Thai, Khmer, Cham and mountain groups forming the remainder.

A.4 Language

Vietnamese, a tonal language in the Austro-Asiatic language family, is the official language. The modern written language uses the Vietnamese alphabet, a Romanized representation of spoken Vietnamese.

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

The literacy rate (percentage of the population aged 15 years or older who can read and write) was estimated at 92.3% in 2003. This is still considered to be the case.

A.5 Government

Vietnam is a one-party state run by the collective leadership of the Communist Party Secretary-General, the Prime Minister and the President. Policy is set every five years by the Party congress and adjusted twice a year by plenary meetings of the Central Committee. The government and other state organs are responsible for implementing policy.

A.6 Time

Vietnam local time is seven hours ahead of Coordinated Universal Time.

Business hours in Vietnam are generally from 7:30 a.m. to approximately 4:30 p.m., but international companies located in the cities operate from 8:00 a.m. to 5:00 p.m. Shops tend to be open from 9:00 a.m. to 9:00 p.m.

A.7 Connectivity

Vietnam is served by several digital mobile phone networks using GSM 900 and CDMA 800 technology. ADSL and dial-up Internet services are available in the major cities.

A.8 Climate

Northern Vietnam has two seasons: a cold, humid winter from November to April and a warm, wet summer for the remainder of the year, with average summer temperatures of around 22˚C (70˚F). In contrast, central Vietnam is subject to occasional typhoons and the south is generally warm. During the hottest months at the end of the southern dry season, March through May, temperatures reach the low 30s˚C. This period is followed by the May-October monsoon season.

A.9 Public Holidays

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

- 1 January – New Year’s Day
- January or February – Tet. This is the most significant Vietnamese annual holiday and is celebrated from the last day of the old lunar year to the third day, or later, of the new year according to the traditional lunar calendar.
- April - King Hung Memorial Day. The actual date will depend on the lunar calendar.
- 30 April - Liberation Day
- 1 May - Labor Day
- 2 September - National Day

A.10 Useful Contacts

For a list of useful addresses and other contact details in Vietnam, please refer to Appendix 10.

B.
Economy

B.1 Economic Overview

Vietnam is a densely-populated, developing country in Southeast Asia. In the decade after the 1976 reunification, the economy was in stagnation while the country attempted to recover from three decades of independence wars. In 1986, Vietnam started economic reforms aimed at moving from a planned economy to a market economy. Dramatic progress has been made in economic development since then, and the country has become one of the fastest-growing economies in the world. Traditionally an agrarian society, the agricultural sector, including forestry and fisheries, still employs about 65 percent of the population, but its contribution to GDP has declined to about 20 percent in recent years from 40 percent in the early 1990s. The industrial sector has been growing rapidly, and now accounts for about 40 percent of GDP, with relatively well-diversified sub sectors of steel, mining (mainly oil and gas), garments, footwear, cement and vehicle assembly.

Vietnam has continued its efforts of transition toward a market economy through adopting more flexible, market-oriented polices that are aimed at promoting private-sector growth, improving the quality of public investment, and achieving macroeconomic stability. However, further reforms are needed to achieve long-term sustained rapid growth, and emphasis should be put on more prudent macroeconomic policies, improving public sector financial management, accelerating reforms of state-owned enterprises, and fair and transparent laws and regulations. Also, more efforts are needed to curb governmental interference in the management of, and investment decision-making in, state-owned enterprises.

B.2 Recent Economic Performance

Vietnam has achieved substantial progress in economic development following the declaration by the Sixth Party Congress, in 1986, of a broad economic reform package called ‘Doi Moi’, or ‘renovation’, that dramatically improved Vietnam’s business environment. Vietnam became one of the world’s fastest-growing economies, averaging over 7% annual GDP growth from 2000 to 2006. Vietnam’s inflation rate, which stood at an annual rate of over 300% in 1987 had fallen to 8.4% in 2005. Simultaneously, investment grew three-fold and domestic savings quintupled. Agricultural production doubled, transforming Vietnam from a net food importer to one of world’s top exporters of rice.

Foreign trade and foreign direct investment increased significantly and the shift away from a centrally planned economy to a more market-oriented economic model improved business conditions and quality of life for many Vietnamese.

	FDI (in billion USD)
Registered Capital	10.2
Implemented Capital	4.1

	Foreign Trade (in billion USD)
Imports	44.410
Exports	39.605

Source: VIR, Global Insight, 2007

However, the striking economic progress that marked the 1990s slowed in the last years of the decade. Despite an impressive 25.5% rise in export performance to USD 14.48 billion in 2000, there was a sharp drop in new foreign investment commitments which led to slower economic growth. The East Asian financial crisis, coupled with a loss of momentum in economic reforms, exposed serious structural inefficiencies in Vietnam's economy.

The Bilateral Trade Agreement (BTA) signed between the United States and Vietnam on 13 July 2000 represented a significant milestone for Vietnam's economy. The BTA provides for the Normal Trade Relations (NTR) status of Vietnamese goods in the US market. In turn, access to the US market will allow Vietnam to accelerate its transformation into a manufacturing-based, export-oriented economy.

Vietnam's economic stance following the East Asian recession emphasized macroeconomic stability. Although the Government maintains a tight rein on major sectors of the economy, such as the banking system and state-owned enterprises, and has allowed areas of foreign trade and reform measures such as the equitization of state-owned enterprises to fall behind schedule, it appears committed to economic liberalization and international integration. Vietnam's membership in the ASEAN Free Trade Area (AFTA) and the entry into force of the BTA in December 2001 have contributed to the pace of change. Vietnam achieved accession to the World Trade Organization (WTO) in 2006 to become the 150th WTO member in January 2007.

B.3 Leading Industries

Vietnam's leading industries are oil and gas; textiles and footwear; and agriculture and fisheries.

B.4 Major Exports and Imports

Vietnam's total exports in 2004 amounted to USD 26.5 billion[1], representing 12% annual growth since 2000. Since the BTA between Vietnam and the US came into

1 Asian Development Bank

force in 2001, the US has overtaken the European Union (EU) as Vietnam's largest trading partner. The Association of Southeast Asian Nations (ASEAN) and Japan rank third and fourth, respectively. In contrast, total imports were estimated at USD 39 billion in 2006. Imports from China more than quadrupled between 2000 and 2005, making China now by far the largest source of imports into Vietnam. The other major sources are ASEAN and East Asian countries, followed by the EU.

Largest Trade Partners			
Largest Trade Partners	2005 value in USD million	Imports by country	2005 value in USD million
Exports by country	2005 value in USD million	Imports by country	2005 value in USD million
USA	5,930.6	China	5,778.0
Japan	4,411.2	Singapore	4,597.6
China	2,961.0	Taiwan	4,329.0
Australia	2,570.2	Japan	4,093.0
Singapore	1,808.5	Korea	3,600.5

Source: Asian Development Bank

Vietnam is a major exporter of crude oil, marine products, rice, coffee, rubber, tea, garments and footwear. In 2006, crude oil exports were the top earner and textiles and garments were the second most significant export product, followed by footwear, seafood and wooden products2. In 2006, four additional products achieved an export turnover in excess of USD 1 billion: electronics, rice, rubber and coffee3. Exports of processed goods increased from 44.2% of the total export revenue in 2000 to 57% in 20044. With Vietnam's successful entry into the WTO in 2007, exporters are set to enjoy lower tariffs globally. Vietnam's exports will also be more diverse by this time, with a bright outlook for revenue from seafood and agricultural commodity exports, in addition to impressive growth in certain emerging exports, including wood products as well as electronic products and computers.

Vietnam's leading imports include petroleum products, steel, motorbikes and fertilizers, and a large proportion of Vietnam's imports came in the form of capital goods. Although Vietnam is an exporter of crude oil, imports of petroleum products reached USD 5.8 billion in 2006. Imports of garments and textile material for processing also increased, the latter in line with the rise in garment exports from Vietnam.

2 General Statistics Office (GSO), Statistical Report, December 2006

3 GSO Statistical Report, December 2006

4 Government Report on the National Economy of 2004 and Direction for 2005

C.

Financial System

C.1 Money and Banking

Until 1988, the financial system in Vietnam consisted of the State Bank of Vietnam (SBV) and several affiliates, which distributed credit to state-owned enterprises (SOEs) and other entities under directives of the central plan, and handled deposits of these SOEs and entities. In 1988-1989, the government initiated banking reforms that transformed the mono-bank system into a two-tier banking system, that is, the SBV restricted itself to acting as the central bank and its commercial banking activities were taken over by sector-specialized state-owned commercial banks. In 1990, the rules on the sectoral specialization of these banks were removed.

During the 1990s, the Government stimulated the entry of new players into the financial sector, a policy which has led to a substantial increase in the number of representative offices and branches of foreign banks as well as so-called joint stock commercial banks. Joint ventures between foreign banks and state-owned commercial banks were also established, but the services they offered were strictly circumscribed. Non-bank financial institutions, such as finance and insurance companies, have also been established, but they are less significant in terms of total assets.

Although Vietnam has a bank-based financial system, the quantity and quality of its banks are inadequate. However, the Vietnamese government has undertaken several reforms of the financial system and the SBV has issued laws and measures to enhance the soundness of the country's banks. These laws and measures help secure loans granted by formal credit institutions and improve their financial transparency. The SBV has also reduced lending rates and reserve requirements, leading to a diversification of the financial system. However, as the banks are not able to solve the problem of information asymmetry that exists between them and private enterprises, they tend to maintain a stringent lending procedure for private enterprises.

70% of all lending activities belong to the four main state-owned commercial banks: BIDV, Vietcombank, Incombank and VBARD. The total charter capital of state-owned commercial banks is USD 1.3 billion; the average charter capital of each is only USD 250 million to 300 million. The joint-stock banking sector accounted for around 16% of the total lending in 2005 from 38 banks. Most joint-stock banks have an average capital of USD 12.5 million to 19 million. Foreign banks and joint ventures accounted for about 14% of lending activities. Restrictions on raising deposits in VND prevent a level playing field and, accordingly, the market share expansion has been slow.

Restrictions on the Use of Foreign Currency

The Government is committed to seeing the Vietnamese dong (VND) secure the status of primary currency used in the economy. For that reason, certain restrictions are imposed on the use of foreign currency in Vietnam.

Resident organizations in Vietnam, including joint venture companies and 100%-foreign-owned enterprises, are entitled to use foreign currency for the following purposes:

- Making payments to foreign countries/partners for imported goods;
- Making payments for goods or services from domestic organizations that are allowed to collect foreign currency;
- Granting domestic foreign-currency loans and foreign loans;
- Selling to credit organizations allowed to carry out foreign exchange activities;
- Purchasing financial instruments denominated in foreign currency;
- Converting into instruments of payment in foreign currency in accordance with the law;
- Transferring foreign-currency investment capital abroad; and
- Paying salaries for foreigners working at foreign-invested enterprises (FIEs).

Similarly, nonresidents may use foreign currency for:

- Making payments to foreign countries/partners for imported goods;
- Making payments for goods or services from domestic organizations that are allowed to collect foreign currency;
- Selling to credit organizations allowed to carry out foreign exchange activities;
- Converting into instruments of payment in foreign currency in accordance with the law;
- Remitting foreign currency abroad;
- Withdrawing cash in foreign currency and making bank transfers to pay expenses for employees who are sent abroad, and to pay salaries, bonuses and allowances to foreign residents and nonresidents working for non-resident organizations;

- Withdrawing cash in foreign currency for other purposes provided for by the law;
- Transferring to other nonresidents' foreign-currency accounts; and
- Giving gifts, making donations and bequeathals in accordance with the law.

Exchange Rates

Daily spot exchange rates are announced by the SBV based on the previous day's average rate on the interbank market. Other banks must then trade within 0.25% of this official rate.

Government Assistance on Foreign-Currency Matters to Enterprises with Foreign-owned Capital

Enterprises with foreign-owned capital and parties to Business Cooperation Contracts (BCCs) may buy foreign currency from commercial banks to meet the demands of their current transactions and other allowed transactions. The Government assures its assistance in the foreign-currency balance of particularly significant investment projects in accordance with Government programs in a specific period. In addition, the Government assures its assistance in the foreign-currency balance for projects to construct infrastructure facilities and certain other significant projects where commercial banks do not provide sufficient foreign currency.

The State Bank's Role in Interest Rates

The SBV has not intervened in local currency interest rates since May 2002. Commercial banks are allowed to set their own loan rates, and these rates can be agreed on between the parties involved rather than capped by the base rate announced by the SBV plus a certain margin.

C.2 Currency

The official currency of Vietnam is the Vietnamese dong (VND). In 2003, the SBV released five coins with values of VND 200, VND 500, VND 1,000, VND 2,000 and VND 5,000 after a 20-year hiatus. Two polymer banknotes with values of VND 50,000 and VND 500,000 were also issued during this period. In 2004, Vietnam continued its conversion of paper banknotes to polymer with the introduction of VND 100,000 notes and completed this process in 2006 with the introduction of

VND 10,000, VND 20,000 and VND 200,000 polymer notes. Automated teller machines (ATMs) are available in Ho Chi Minh City and Hanoi. Traveler's checks and charge or credit cards such as American Express, MasterCard and Visa can be used in travel agencies, hotels, and major restaurants and shops.

The local foreign-exchange market in Vietnam is subject to regulatory controls. Sale and conversion regulations were relaxed in 1999, and, in January 2001, foreign companies were given the right to convert dong into United States dollars (USD) to cover current payments. The requirement for the compulsory conversion of foreign-currency revenue from current transactions was first introduced in September 1998 at the rate of 80%. This requirement was removed in May 2003.

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

C.3 Foreign Exchange Controls

The inflow of foreign currency into Vietnam is generally welcomed with minimum restrictions, although the transfer of foreign currency out of the country is still controlled.

Enterprises with foreign-owned capital must open accounts denominated in a foreign currency or VND at a bank located in Vietnam and approved by the SBV. All foreign-exchange transactions, such as payments or overseas remittances, must be in accordance with policies set by the SBV.

Enterprises with foreign-owned capital and foreign parties to BCCs may buy foreign currency from a commercial bank to meet the requirements of current transactions or other allowed transactions, subject to the bank having available foreign currency.

The Government may guarantee foreign currency to significant investment projects or assure the availability of foreign currency to investors in infrastructure facilities and other significant projects.

Under current laws, all foreign-currency income generated in Vietnam from exports, services and any other sources must be deposited at or sold to licensed banks in the country, except in special cases approved by the SBV. Before May 2003, on receipt of foreign currency, Vietnamese companies, foreign-invested enterprises, parties to

BCCs, foreign contractors and foreign branches were required to sell at least 30% (lowered from 40% in May 2002) of their current foreign-currency earnings. From May 2003, the compulsory conversion percentage was reduced to 0%. Generally, banks prioritize the sale of foreign currency to companies that need it to import materials and supplies for the production of exports.

Foreign investors are allowed to repatriate the following:

- Profits made from business operations;
- Payments received for service provision and technology transfer;
- Principal and interest from offshore loans and credits;
- Invested capital; and
- Other sums of money and assets legally owned by the foreign partner.

Foreign exchange is regulated by the Foreign Investment Law of Vietnam. Whilst the self-sufficiency rule has been in effect for some time, the SBV has, in the past, been flexible on currency conversion. A substantial trade imbalance may lead the SBV to enforce the self-sufficiency requirement in the future.

Opening of Bank Accounts by Foreign-invested Enterprises

A foreign-invested enterprise (FIE) may open a foreign-currency denominated account at an authorized bank in Vietnam for capital-related transactions, such as the following:

- Capital contribution by foreign investors;
- Receiving and repayment of overseas borrowings in foreign currency; or
- Profit remittances.

In addition, FIEs may open current accounts in foreign currency and Vietnamese dong at authorized banks in Vietnam for their business transactions.

The opening of an offshore bank account by an FIE is subject to SBV approval.

Registration of Overseas Borrowings

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

C.4 Stock Exchange

Vietnam's stock market was established in July 2000 in Ho Chi Minh City with two listed companies. The market trades in company-issued shares and bonds issued by the government and the Bank for Investment and Development. By the end of December 2006, 106 companies had been listed on the stock market with total market capitalization of VND 144 trillion (USD 9 billion). Since June 2003 the Stock Exchange Center in Ho Chi Minh City has organized two half-hour trading sessions per day. The stock market index is the best performing index in Asia, and daily trading now regularly reaches VND 800 billion (USD 50 million) per day, up from around VND 5 billion (USD 300,000) per day at the end of 2004.

The Government has taken measures to develop the market by amending regulations relating to the capital market, reorganizing authority structures and speeding up and linking the SOE equitization process to the stock market, successfully achieving a target total market capitalization of 5.3% of GDP in 2006 and with a target of 15% by 2010.

In March 2004, the State Securities Commission (SSC) was transferred to the Ministry of Finance. The Commission is responsible for managing two stock transaction centers in Ho Chi Minh City and Hanoi. Currently in operation are 13 securities firms, with a total charter capital of VND 600 billion, and whose primary function is brokerage. In spite of SSC efforts, in the four years since its establishment, the stock market has attracted only around 20,000 local investors and 197 foreign investors.

Foreign investors are allowed to buy an unlimited number of bonds listed on the stock market. In September 2005, the Prime Minister issued a Decision raising the cap on total foreign shareholdings in domestic shareholding companies listed on the securities market to 49% of the total shares of a listed company. Foreigners purchasing or selling shares in Vietnam's securities market must register for a foreign investment management code with the Stock Exchange Department through a depository, as prescribed by the SSC.
Foreign securities institutions wanting to engage in securities businesses in Vietnam must establish a joint venture company with a Vietnamese partner in accordance with an SSC-issued license. The maximum foreign holding allowed in such a joint venture is 49% of the charter capital.

Similarly, a foreign investment fund wanting to invest in the Vietnamese securities market must be licensed by the SSC.

D.
The Investment Climate

In 1995, Vietnam became a member of ASEAN and three years later it joined Asia-Pacific Economic Cooperation (APEC). In 2000, Vietnam signed a Bilateral Trade Agreement (BTA) with the United States and 2007 marks Vietnam's entry into the WTO. This trend toward integration is expected to promote the stability of the socio-economic system, better mobilization of domestic resources, and improve allocation of these resources to viable activities. Moreover, the Government has embarked on and prioritized a long-term reform program for the administrative and regulatory framework governing foreign investment. This combination of internal and external factors will serve to improve an already attractive investment climate.

D.1 Investment Incentives

The system of tax and other incentives offered to foreign investors and domestic businesses is elaborate and complex. Standard benefits include reduced corporate tax rates, tax-free periods or tax reductions during the start-up phase, land-rent reductions and import-duty exemptions. These can be offered at central, provincial, municipal or industrial-zone level, with a good deal of discretion to add extra incentives on a case-by-case basis. As a general guide, the following incentives are available to investors:

BOT Projects

Incentives offered to Build-Operate-Transfer (BOT) projects include the following:

- A low 10% Enterprise Income Tax (EIT) rate;
- An EIT-free grace period of up to nine years;
- Exemption from certain import and export duties; and
- Exemption from paying land use fees.

Industrial Zones

Enterprises located in Industrial Zones (IZs) are offered the following tax incentives:

- 10% EIT for IZ or Export Processing Zone (EPZ) infrastructure development enterprises. These enterprises can also obtain a profit tax exemption for the first four profit-making years and a 50% reduction for the subsequent seven years.
- 15% EIT for manufacturing enterprises, an exemption from profit tax for three years from the first profit-making year and a 50% reduction for the subsequent seven years.

- 20% EIT for service enterprises, an exemption from profit tax for the first two years from the first profit-making year and a 50% reduction for the subsequent six years.

Export Processing Zones

EPZs, most of which are located in Ho Chi Minh City, Can Tho, Da Nang and Hanoi, are essentially industrial estates set up to serve export-oriented production. The following are examples of the advantages that enterprises can gain by setting up operations in an EPZ:

- Direct license application and tax payment to the authorities in the EPZ;
- Direct import of machinery and raw materials;
- Low labor costs;
- Lower land rent and fewer land regulations;
- Tax incentives such as low EIT (10% for manufacturing enterprises and 15% for service enterprises) and exemption from or reduction of EIT in the initial years;
- Exemption from VAT; and
- Exemption from import-export tax.

Export Processing Enterprises (EPEs) are offered the following tax incentives:

- Manufacturing EPEs may qualify for the preferential EIT rate of 10% for 15 years from the start of operation, an EIT exemption for four years from the first profitable year and a 50% reduction in EIT for the subsequent seven years.
- Service companies situated in EPZs may be entitled to 15% EIT for 12 years from the start of operation, an EIT exemption for three years from the first profitable year and a 50% reduction in EIT for the subsequent seven years.

Industry- and Location-specific Incentives

Projects in the following fields may also qualify for a reduced EIT rate of 20%: forestation, infrastructure construction, education and training, health care, export-oriented production, processing of agricultural/forestry/aquatic products, and scientific and technological research.

Morere tax breaks apply if these projects are in remote or under-developed areas.

Location in Special Zones

The Government encourages Vietnamese enterprises in all economic sectors, foreign economic organizations and FIEs to invest in IZs, EPZs and high-technology zones (HTZs).

In Ho Chi Minh City, eight IZs and two EPZs are in operation, covering a total area of 1,652 hectares. The City's master plan for IZs and EPZs until 2020 envisages 21 zones (18 IZs, 2 EPZs and 1 HTZ) covering a total area of 8,539 hectares.

These IZs and EPZs have the following infrastructure conditions:

- Location: situated on a primary road transportation artery, or next to the port, 5-8 km from the city centre.
- Power source: directly connected to the national power network.
- Water source: connected to the city's water system.
- Land rental: ranging from USD 28 to USD 108 per square meter, depending on the leased area, its location, lease term, payment terms and infrastructure conditions.

Also located here is Quang Trung Software City, the largest center specializing in software production in the south of Vietnam with an area of 39.2 hectares.

D.2 Special Investment Considerations

D.2.1 Liberalization of Foreign Investment

In December 1987, the National Assembly approved a new foreign investment code in an apparent effort to bypass restrictions and deal directly with Western and regional businesses. The legislation, which was more liberal than the foreign investment laws in use in other socialist states, gave more concessions to foreign investors than similar Vietnamese laws enacted in 1977.

The new code used low taxes to encourage joint ventures and allowed wholly-owned foreign enterprises into Vietnam. The code, which was designed to emphasize the development of export industries and services, also granted full repatriation of profits after taxes and guaranteed foreign enterprises against government expropriation. The new law also encouraged oil exploration and production contracts.

In the international context, Vietnam has defined priorities for its foreign policy. More specifically, in pursuing the guideline to diversify its foreign relations, Vietnam attaches great importance to the handling of its relationships with major countries whilst paying due attention to its relationships with neighboring countries in the region. Vietnam's primary foreign policy goal is to help facilitate the process of industrialization and modernization in the country.

Over the last few years, foreign investor sentiment towards Vietnam has improved. Although hard to gauge, this up-turn in sentiment seems attributable to several developments since early 2000: a general sense that economic reform and business liberalization momentum have been regained, as exemplified by changes to the foreign investment law and the introduction of the new enterprise law; increased recognition of the role of the private sector; the signing and ratification of the bilateral trade agreement with the US; the cautious opening of a long-awaited stock market; the resumption of IMF lending; and ascension into the WTO in January 2007. These have all been seen as positive signals and leading indicators that economic reform momentum has been regained.

D.2.2 Disallowed and Regulated Projects

The following types of projects may not be licensed, as per Decree 24/2000/ND-CP (31 July 2000):

- Projects that are prejudicial to national security and defense, and public interests;
- Projects that may be detrimental to Vietnamese historical and cultural heritage, customs and traditions;
- Projects that may harm the environment and projects for the treatment of toxic waste imported into Vietnam; and
- Projects for the production of toxic chemicals or the utilization of toxic agents which are prohibited in accordance with international treaties.

Investment projects in the following sectors are subject to certain conditions, as per Decree 24/ND-CP:

- In the following sectors, investment projects must be in the form of a joint venture enterprise or a BCC only:
- Construction and operation of international and/or local telecommunication networks, international and/or local courier services, press activities, and radio and television broadcasting services;

- Exploitation and processing of oil and gas, and of precious and rare minerals;
- Air, rail and sea transportation, public passenger transportation and construction of seaports and airports;
- Production of industrial explosives;
- Afforestation;
- Travel and tourism; and
- Culture.
- The following investment projects must be coupled with the development of a raw material source:
  - Manufacture and processing of dairy products;
  - Production of vegetable oil and cane sugar; and
  - Wood processing.
- Projects in import or domestic distribution services and projects in offshore fishing and exploitation must comply with regulations set by the Prime Minister.

D.2.3 Government-owned Industries and Privatization

The Government is working towards improving the investment environment for the private sector, despite a high degree of state control of key sectors of the economy. The privatization process is proceeding slowly and, from 4,700 state-owned enterprises (SOEs) in 2001, the Government intends to divest them all by 2010: 600 were equitized in 2005 and 350 in 2006. Additionally, the State is to reduce its holding in the equitized SOEs to 51% or 35%. Large SOEs operating in key areas such as the electricity, cement, metallurgy, chemical, construction, transportation, banking, telecommunication, airline and insurance industries are being equitized – one major example is the recent Bao Viet share issue – supported by newly-issued Government regulations.

To promote this, the Government has fulfilled the conditions of economic reform that were necessary for its WTO entry and in efforts to meet its obligations under the bilateral trade agreement with the US.

The new laws streamlining the formation and operation of private companies have resulted in an increase in the number of small and medium-sized enterprises (SMEs). This process is being encouraged by the World Bank structural adjustment processes and by reform in the banking sector.

D.2.4 Competition Regulations

With the Government's committed and continuous efforts, Vietnam is transforming from a centrally-planned, socialist economy into a more competitive market. On the one hand, SOEs continue to occupy monopoly positions in key industries like electricity, aviation and telecommunications with a market share of at least 80%. Other heavily-regulated industries tend to have some foreign and private-sector participation but are dominated by a state-owned oligopoly where several large firms have a market share of 10-40% each. These industries include cement, sugar, minerals, banking and petroleum, in which prices tend to be high and most firms are neither efficient nor competitive.

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

- Agreements that substantially restrict competition;
- Abuse of a dominant or monopoly market position;
- Concentrations of economic power that substantially restricts competition; and
- Acts of unhealthy competition.

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

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

D.3 Regional and International Trade Relationships

Vietnam became a member of ASEAN in 1995 and of APEC–a grouping of 21 “member economies” that includes Australia, Canada, China, Japan, Russia and the United States–on 14 November 1998.

Furthermore, Vietnam signed a wide-ranging bilateral trade agreement with the US on 13 July 2000, which came into force in December 2001. Implementation of the agreement is aimed at:

- Promoting economic stability and openness in Vietnam through enhanced trade and investment, advancing the bipartisan normalization process;
- Opening the Vietnamese market to US goods and services and providing strong intellectual property rights protection through comprehensive trade and investment liberalization by Vietnam;
- Providing benefits to consumers in the United States and Vietnam by increasing choice and lowering prices of goods and services;
- Allowing US firms greater access to certain Vietnamese service sectors; and
- Increasing transparency at a more general level.

Vietnam has successfully undertaken a program of reform which has secured WTO membership for the country from January 2007, opening up opportunities for increased economic development, to attract greater foreign direct investment, provide Vietnamese goods and services with broader access to the global market and increase competition.

In December 2004, the EU agreed to lift the textile quota for Vietnam starting from 1 January 2005. Textiles are Vietnam’s second largest export product and, after the US, the EU is the country’s second largest textile market, with an average annual export turnover of more than USD 600 million. Vietnam is seeking a similar agreement with the US for textile products.

To further improve the investment environment in Vietnam, the Government has signed, and is still pursuing various other, bilateral trade agreements with many countries.

E.

Regulations on Companies

E.1 Forms of Business Entities

In accordance with the Law on Enterprise[5] the following forms of enterprise exist in Vietnam:

- State-owned enterprise;
- Private enterprise;
- Cooperative enterprise;
- Joint stock company;
- Limited company; and
- Partnership.

The new Law on Investment[6] replaced the Law on Foreign Investment[7] and came into effect on 1 July 2006. The major changes refer to the establishment of the fundamental concepts of "investment" and "enterprise".

In general, the new Law on Investment no longer acknowledges the concepts of 'joint venture company' or '100%-foreign-owned company' (or 'wholly foreign-owned company'). The Law on Investment and its subordinate regulations allow foreign persons (legal entities or individuals) to participate in economic activities in Vietnam either in the form of Direct Investment, whereby the foreign investor participates in the management of the investment activity, or Indirect Investment, whereby the investors do not participate directly in the management of the investment activity.

For direct investment, investors decide what form of enterprise is the most suitable and obtain an investment license.

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5 Law 60-2005-QH11, Law on Enterprise, promulgated on 29 November 2005, effective from 1 July 2006.

6 Law 59-2005-QH11, Law on Investment, promulgated on 29 November 2005 and effective from 1 July 2006.

7 Law on Foreign Investment, promulgated on 12 November 1996, as amended on 9 June 2000. This law is implemented by Decree 24/2000/ND/CP dated 11 May 2000 and Circular 12/2000/TT/BKH dated 15 September 2000 of the Ministry of Planning and Investment.

E.2 Forms of Investment

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

There is no requirement on the minimum amount of foreign equity, unless it is a joint venture between the State or its bodies and the foreign investor. In this case, the minimum amount of foreign equity will be determined on a case-by-case basis.

In fact, this is one of the most common forms of foreign investment in Vietnam, in which foreign parties may contribute legal capital in the form of cash, plant, equipment, technology and know-how. The Vietnamese party will nearly always contribute the land-use right. One of the benefits of this form of investment is that taxation treatment is more comprehensively legislated and provides more preferential treatment than the BCC form of investment.

100%-foreign-owned / wholly foreign-owned: one or more foreign investors invest in the entire company's chartered capital. This is a legal entity often established under the forms of a limited liability company or a joint stock company. Enterprises in the form of wholly foreign-owned investment experience no legal requirements on the minimum investment capital unless the company's business line is subject to the Conditional Sectors. In addition, the State of Vietnam now allows them to remit overseas the profits derived from their business activities. However, there are several limitations and conditions (the Conditional Sectors) that may restrain the entry of a 100%-foreign-owned company. This form of investment is still the most favored, and by 2009 various limitations will have been removed.

Build-operate transfer (BOT), build-transfer (BT), build-transfer-operate (BTO), or build-operate (BO) arrangements: BOT, BTO, BT and BO investments are recognized under the Law on Foreign Investment, but are largely governed by separate legislation. These are popular forms which are used for investment projects for the construction, expansion, modernization and operation of infrastructure in the fields of transport, electricity production and business, water supply and drainage, and waste treatment.

Business Cooperation Contract (BCC): a contractual arrangement between Vietnamese and foreign parties. Under this form, investment may be conducted without establishing a legal entity in Vietnam and is commonly chosen for short-term projects.

Resident Representative Office (RRO): Beside foreign investment licenses, Vietnam also allows foreign investors to establish a legal presence in Vietnam through a Representative Office. RRO is the simplest form of establishing a legal presence in Vietnam. It is governed by separate regulations and licensed by the Ministry of Trade (or another responsible body in certain industries). The RRO is generally established to seek and promote opportunities for commercial activities and is not allowed to engage directly in profit making activities. The RRO activities are restricted to marketing, liaison and the general supervision and monitoring of the company's products or services, or projects carried out in Vietnam. An RRO is allowed to hire local Vietnamese staff and conduct various administrative functions on behalf of its company.

Foreign contractor: A foreign contractor may be a foreign organization or individual carrying on business activities not in the form of a licensed investment provided under the Law on Foreign Investment in Vietnam. A foreign contractor does not have a legal presence in Vietnam and therefore its activities are usually limited to the provision of services to other entities in Vietnam on a contractual basis. This form of doing business is popular amongst foreign organizations and individuals who carry on business in Vietnam on a relatively short-term basis and do not intend to establish a long-term presence in Vietnam. Nevertheless, there are foreign contractors who choose to establish their legal presence in Vietnam through an RRO as discussed above.

Branch: A branch office is a dependent unit of a foreign entity and may conduct commercial activities for direct profit-making purposes in line with international treaties to which Vietnam is a signatory. Government review of an application to set up a branch or representative office takes a maximum of 15 days, and a representative office or branch license is generally easier to acquire than an investment license. The license sets out the activities which the representative office or branch is authorized to carry out.

E.2.1 Conditional Sectors and Foreign Investor's Accessibility

Conditional Sectors

The most common concern of investors is whether his/her business line is subject to conditional sectors which will then require strict conformability to the conditions and requirements provided by the State. In summary, there are general conditions (which are applied to all investors) and exclusive conditions for foreign investors (mostly concentrated into 4 types: (1) cross-border supply, (2) consumption abroad, (3) commercial presence and (4) presence of natural person).

These limits are provided for in Vietnamese laws and regulations; however, by joining the WTO, the Government has regrouped these regulations and they now form part of Vietnam's commitments.

Foreign Investor's Accessibility

As mentioned above, if the business line belongs to a conditional sector, such a project will be subject to an evaluation process and limitation on ownership.

The problem is that such limitations may create a conflict with the requirements prescribed in Vietnam's WTO commitments. The Government is still in the process of amending the laws and regulations in order to comply with Vietnam's commitments. For the time being, however, foreign investors may be subject to that limitation until it is expressly amended by the Government or its bodies.

E.2.2 The New Registration and Licensing System

Domestic projects, where investment is below VND 15 billion (approximately USD 943,990), and which are not in Conditional Sectors, no long require investment registration[8]. So long as the investor does not want to gain the advantages of the investment incentives, they are free to follow the simple business registration procedures originally introduced under the Law on Enterprise.

Domestic projects from VND 15-300 billion and ***foreign projects*** below VND 300 billion (USD 18,880,000), not in conditional sectors[9], still require investment registration and the issuance of an investment certificate[10]. In fact, the procedures for registration differ from domestic projects to foreign projects (more documentation is required for the latter)[11]. For domestic projects, it is expressly stated that an investor must carry out investment registration prior to the implementation of its investment project. For foreign projects, it is expressly stated that an investment license must be issued within 15 days of receipt of a valid file for investment registration.

8 Article 45.1
9 See Conditional Sectors and Foreign Investor's Accessibility
10 Articles 45.2 and 46.1
11 Articles 45.3 and 46.2

When foreign investors first invest in Vietnam, they must conduct a registration procedure for establishing a new company. Fortunately, under the current Law on Investment, the Investment License will also act as their Business Registration Certificate. Thereafter, it is just new investment projects (if any) that need to be registered, not the establishment of a new enterprise[12].

All projects in conditional sectors and projects of VND 300 billion or more (whether domestic or foreign) still require investment evaluation.

	Who is entitled?	**What investment process applies?**	**What investment document is issued?**
Business registration (only)	Domestic investment projects with invested capital below VND 15 billion (USD 943,990) excluding conditional projects	None, unless investment incentives are desired.	None, Business Registration Certificate issued under the (new) Law on Enterprise
Investment	- Domestic investment projects with invested capital from VND 15-300 billion; - Foreign-invested projects with invested capital below VND 300 billion (USD 18,880,000), excluding conditional projects	Registration of investment on sample form at provincial State administrative body for investment, accompanied by prescribed documentation (more onerous for foreign projects)	For foreign projects, Investment License (which is also Business Registration Certificate in the case of initial establishment of economic organization to undertake first investment project); For domestic projects, investment certificate and business registration certificate (a one-step but two-part process)

12 Articles 50.1 and 50.2

Investment evaluation/ certification	Project which are subject to conditional sectors; Projects with invested capital of VND 300 billion (approx. USD 18,880,000) or more	The Application Dossier varies from (i) projects below VND 300 billion which are in conditional sectors, (ii) projects over VND 300 billion which are in conditional sectors, and (iii) projects over VND 300 billion which are *not* in conditional sectors.	For foreign projects, Investment License (which is also Business Registration Certificate in the case of initial establishment of enterprise to undertake first investment project); For domestic projects, investment certificate and business registration certificate (a one-step but two-part process)

E.3 Post-licensing Procedures

After obtaining an investment license, the FIE must carry out several statutory procedures, including the following in particular:

- Arrange the first Board of Management (BOM) or Board of Directors (BOD) meeting to appoint the General Director, Chief Accountant and other key officers deemed essential by the company. The BOM will then need to be registered with the licensing authority.
- Publish an announcement of the company's establishment in a local newspaper.
- Register the company's location and personnel with the local Department of Planning and Investment.
- Make the company seal and register it with the local police authorities.
- Open a bank account or accounts at an authorized local bank or banks.
- Register the accounting system with the Ministry of Finance if it deviates from the Vietnamese Accounting System (VAS).
- Register the company's tax code with the local tax authority.
- Register the company's medium- or long-term foreign loans, if any, with the State Bank of Vietnam.
- Recruit company personnel.

E.4 Labor and Recruitment Regulations

E.4.1 Labor Recruitment by a Foreign-invested Enterprise

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

An FIE must have at least 1 foreign employee, but the total number is restricted to the lower of 3% of the total number of employees or 50 individuals.

E.4.2 Registration of Expatriate Employees

With the exception of the General Director, Deputy General Director and members of the BOM, all expatriates working in the company for a period of more than six months are required to obtain a work permit. The company (that is, the employer) is required to submit applications to the local labor department to obtain work permits for its expatriate employees.

E.4.3 Social and Health Insurance Contributions for Employees

Social and health insurance contributions are compulsory for Vietnamese employees. Contributions total 23% of the contractual salary and are made by both employers and employees, on the following basis:

- Employer: 17% (comprising 15% for social insurance and 2% for health insurance); and
- Employees: 6% (comprising 5% for social insurance and 1% for health insurance).

These contributions are withheld and transferred to the City or Provincial social insurance authorities by the employer.

E.4.4 Minimum Wage Legislation

The monthly minimum wage for workers at FIEs is VND 870,000 (approximately USD 54) in inner Hanoi and Ho Chi Minh City, and VND 790,000 (USD 49) in the two cities' suburbs and the inner districts of Hai Phong, Ha Long, Quang Ninh, Bien

Hoa, Dong Nai, Vung Tau, Ba Ria-Vung Tau, the township of Thu Dau Mot and the rural districts of Thuan An, Di An, Ben Cat and Tan Uyen in Binh Duong province. For other areas, a minimum wage of VND 710,000 (USD 44) applies.

E.5 Mergers and Acquisitions

E.5.1 Regulatory Aspects

Government Decree 24/2000/ND-CP issued on 31 July 2000, together with the subsequent Ministry of Planning and Investment Circular 12/2000/TT-BKH, facilitated mergers and acquisitions between wholly foreign-owned firms and joint ventures already established in Vietnam. Further, this laid down the legal, economic and tax consequences of a foreign-investment vehicle changing its structure, merging with another or buying out its local partner. The result has been a marked increase in buy-out activities.

It is recognized that FIEs and Business Cooperation Contract (BCC) parties that divide, separate, merge or consolidate are simply changing their legal status. The rules remain somewhat vague; consequently, the way a merger is carried out may have unexpected and unintended consequences. In a consolidation, the consolidating companies disappear, whereas in a merger, there remains a surviving company.

On 19 March 2003, the Government issued Decree 27/2003/ND-CP to amend Decree 24. Decree 27 also governs foreign direct investment activities in Vietnam, including activities such as the transfer of funds or other assets to Vietnam by foreign investors to carry out production and business activities directly to benefit under the Law on Foreign Investment. However, unlike Decree 24 and Circular 12, Decree 27 defines the terms associated with mergers and acquisitions and goes on to prescribe the documents and procedures required to carry out such transactions.

E.5.2 Buying Shares in Existing Companies

Foreign investors who intend to acquire an interest in a joint venture company or an enterprise with 100%-foreign-owned capital may do so by acquiring the “legal capital” (roughly the equivalent of shares) of another existing foreign investor. A new foreign investor may acquire some or all of the shares in an offshore company that holds the interest of an existing foreign investor, or the foreign party in a joint venture may acquire the legal capital of its Vietnamese partner to convert the joint venture to a 100%-foreign-owned enterprise. A Vietnamese party to a joint venture may also buy the foreign investors’ interest to become a 100% local entity.

E.5.3 Tax Aspects

The tax exposure varies depending on whether the transaction involves shares or assets and whether the concerned entity is a seller or buyer.

Share Transactions

With respect to capital transfers to a third party buyer, the partner to a joint venture ordinarily has a pre-emptive right of purchase. Capital transfers are subject to EIT on capital gains, irrespective of whom the capital is assigned to. The preferential tax treatment afforded under previous rules to foreign investors who transfer their capital to a State-owned or Vietnamese enterprise is no longer available.

From the seller's perspective, for Vietnamese tax purposes, only the capital gain is regarded as income and therefore subject to Enterprise Income Tax (EIT). Under the EIT regulations, the standard EIT rate is 28%, but it is currently unclear whether capital gains would be taxed at the standard rate of 28% or at the (lower) rate specified in the seller's investment license. Foreign investors who make a profit from transferring their shares shall be subject to capital transfer tax (CTT) on the taxable profit derived from the transfer. Taxable profit is determined as the excess of the transfer value over the initial value of the transferred capital (that is, the acquisition or investment cost) less expenses directly related to the transfer. The transfer value is based on the transfer price according to the transfer contract, although the tax authorities reserve the right to impose a market price deemed appropriate if no contract price is available or it is regarded as not being at arm's length.

Exemptions may be available in accordance with the relevant measures of Double Taxation Agreements (DTAs) which Vietnam has signed with other countries. However, the seller must apply to the Vietnamese tax authorities for such an exemption and the application process can be lengthy and complicated in practice.

Generally, the buyer is responsible for withholding the tax from its payment to the seller, and for remitting the tax withheld to the tax authorities.

From the buyer's perspective, Vietnam applies neither stamp duty nor VAT to the transfer, sale and assignment of shares in an FIE.

Asset Transactions

From the seller's perspective, the transfer of assets other than shares (including the disposal of used assets) within Vietnam attracts Vietnamese VAT which is generally imposed at the rate of 5% to 10% of the sale price.

The disposal of duty-free imported machinery and equipment results in the claw-back of the customs duty and VAT exemption benefits granted on the importation of this machinery and equipment, based on a pro-rata formula.

The gain and loss derived from the sale of assets is taxable and deductible, respectively, for EIT purposes.

From the buyer's perspective, buyers are generally liable for stamp duty on the total value of the property transfer agreement. The applicable rate is 1% for buildings, land and boats/ships, and 2% for other specified assets (such as motor vehicles). However, stamp duty is capped at VND 500 million per asset per transaction.

Mergers can have complex tax implications. If a company has several operations across Vietnam, each branch reports to its own provincial tax office. VAT and employee personal income tax (PIT) payments must be handled at a provincial level, but depreciation of assets is carried out by the merged company, and branch losses must be reported centrally.

E.6 Arbitration

If a dispute occurs:

- Between parties to a business cooperation contract (BCC), between parties to a joint venture contract, or between enterprises with foreign-owned capital or parties to a BCC and Vietnamese economic enterprises: these shall firstly be resolved through negotiation and conciliation.

  If this fails, the parties to the dispute can agree to use one of the following methods to settle the dispute:

  - The Vietnamese People's Court;
  - A Vietnamese arbitration body (the Vietnam International Arbitration Center or an Economic Arbitration Center);
  - An international arbitration body; or
  - An arbitration tribunal as agreed by the parties.

- Between enterprises with foreign-owned capital, or between enterprises or foreign parties to a BCC with foreign-owned capital and Vietnamese economic organizations: these shall be resolved by Vietnamese arbitration bodies or courts in accordance with Vietnamese law.

- Between foreign investors and competent Vietnamese state organizations arising from BOT, BTO or BT contracts; or between BOT enterprises and Vietnamese economic organizations: these shall be resolved according to the modes agreed on by the parties and stated in the contracts and in accordance with Government regulations on investment in BOT, BTO and BT forms.

If the dispute is settled by foreign arbitration, decisions made to resolve disputes arising from a commercial relationship must be considered and recognized by Vietnamese courts in accordance with the Ordinance on the Recognition and Implementation of Foreign Arbitration Decisions in Vietnam.

E.7 Exit Provisions

The following procedures apply for the termination, liquidation, or dissolution of an enterprise with foreign-owned capital or foreign business cooperation partners:

- The investment license-issuing body issues a decision to terminate the operations of the enterprise with foreign-owned capital or the BCC, under conditions stipulated in the decision.
- The enterprise with foreign-owned capital or BCC is responsible for establishing a liquidation committee to liquidate the assets of the enterprise or BCC.
- After the liquidation process is complete, the enterprise with foreign-owned capital or the business cooperation parties prepare a report and submit the liquidation file to the investment license-issuing body for consideration and for it to issue a decision to dissolve the enterprise or to terminate the validity of the BCC.

E.8 Other Investment-related Regulations

E.8.1 Foreign Investment in the Securities Market

Foreign organizations and individuals are allowed to buy and sell securities in the Vietnamese securities market. Foreign securities institutions intending to engage in the securities business in Vietnam must establish a joint venture company with a Vietnamese partner under a license issued by the State Securities Commission (SSC).

A foreign investment fund intending to invest in the securities market in Vietnam must be licensed by the SSC with the approval of the Prime Minister.

E.8.2 Foreign Investment in a Trading Company in Vietnam

Foreign trading companies are not encouraged to set up their own trading company in Vietnam, but are advised to establish a branch or representative office.

A representative office of a foreign merchant or a foreign tourism enterprise may be established in Vietnam for the following purposes:

- To explore and promote opportunities for commercial and/or tourism activities;
- To promote projects, or economic, scientific and technical cooperation programs which have been undertaken with Vietnamese enterprises in accordance with Vietnamese law; or
- To speed up and supervise the implementation of economic, scientific and technical contracts that have been signed with Vietnamese enterprises.

However, a representative office is not allowed to do business specifically to generate profits in Vietnam.

A representative office head may sign contracts for the sale and purchase of goods and the provision of services (excluding travel tours and tourist transportation contracts) with Vietnamese merchants and Vietnamese tourism enterprises if he or she holds a duly executed power of attorney or authorization issued by the foreign merchant or foreign tourism enterprise for each contract.

A branch of a foreign merchant or a foreign tourism enterprise may be established in Vietnam:

- To engage in commercial and/or tourism activities to generate profits directly; or
- Within the scope of operation stipulated in the branch license, which is in turn both within the scope of operations of the foreign merchant or foreign tourism enterprise and the scope of the “List of Goods and Services in which Foreign Merchants and Foreign Tourism Enterprises Are Permitted to Do Business in Vietnam”, promulgated under Decree No. 45.

E.8.3 Protections for Foreign Investors

The Vietnamese Government guarantees that foreign investors are treated fairly and reasonably when investing in Vietnam. If a change in the provisions of the Vietnamese law harms the interests of an FIE or the parties to a BCC, they will continue to enjoy the preferences stipulated in their Investment License and the Law on Foreign Investment in Vietnam, or are entitled to a solution taken by the State in accordance with the following measures:

- Intellectual property rights such as inventions, utility solutions, industrial designs, trademarks and appellations of origin are subject to legal protection. Trade secrets, tradenames and geographical indications are also protected in Vietnam.
- They may change the project's operational objectives.
- They are granted tax exemptions and/or reductions in accordance with the law.
- The damage suffered by an FIE or the parties to a BCC can be deducted from the enterprise's taxable income.
- In certain circumstances, they are entitled to compensation.

E.8.4 Intellectual Property Rights

Intellectual property rights such as inventions, utility solutions, industrial designs, trademarks and appellations of origin are subject to legal protection. Trade secrets, tradenames and geographical indications are also protected in Vietnam.

An invention, to be patentable, must have worldwide novelty, contain an inventive step and have practical applicability in various social and economic fields. (Scientific opinions, computer software, methods of prevention, diagnosis and treatment of diseases and certain other inventions and utility solutions are not patentable.)

A utility solution does not need to have an inventive step.

Like an invention, an industrial design must have worldwide novelty and is the outer or aesthetic appearance of a product, represented by its lines, form and/or color. Industrial designs are applied mainly to industrial products and handicrafts.

Trademarks are symbols or signs used to distinguish the same kind of goods or services originating from diverse production and business establishments and may appear in one or a combination of words, letters or images in one or more colors. The essence of a trademark is its distinctiveness – it must be created from one or several original elements, be easy to recognize and not be identical to, or similar to the extent that it may be confused with, other trademarks registered, or filed for registration, in Vietnam, or to well-known trademarks (as provided for by the Paris Convention) or other protected appellations of origin, industrial designs or copyright. Protection of a trademark may be obtained by registration in Vietnam, or through international procedures under the Madrid Agreement which are simpler in formality. The trademark must still pass the same substantive examination in Vietnam and will only be protected after the National Office of Industrial Property (NOIP) publishes a decision on its acceptance in the Official Gazette.

The following are the periods of protection:

- For an invention: 20 years from the legitimate filing date.
- For a utility solution: 10 years.
- For an industrial design: 5 years, extendable for two further periods of 5 years each.
- For a trademark: 10 years, renewable many times with 10-year renewal periods.

An appellation of origin is the geographical location which serves to identify that products manufactured under this indication have distinctive characteristics or specific qualities essentially due to the unique geographical environment, including natural and/or human factors, in which they are produced. For registration, the NOIP will require evidence of the following criteria:

- Geography of the country or locality; and
- The distinctive characteristics and specific qualities of the products.

Foreign appellations of origin can be protected in Vietnam if they have been protected in the country of origin.

The Civil Code specifies the types of written and artistic works and performances that are protected by copyright. Vietnam is not a member of the Bern Convention and therefore foreign authors may protect their copyright in Vietnam only by creating or publishing their work in Vietnam. A bilateral copyright agreement between Vietnam and the USA legally protects US-related authors and owners in Vietnam.

E.8.5 Use of Electronic Documents

Electronic documents are valid for implementing financial operations or account entry or checking purposes only. They are not valid for transactions or payments if they have been converted from written documents. An electronic signature on an electronic document bears the same validity as a signature on a written document.

E.8.6 Government Inspection of Foreign-invested Enterprises

FIEs may be inspected by the following entities:

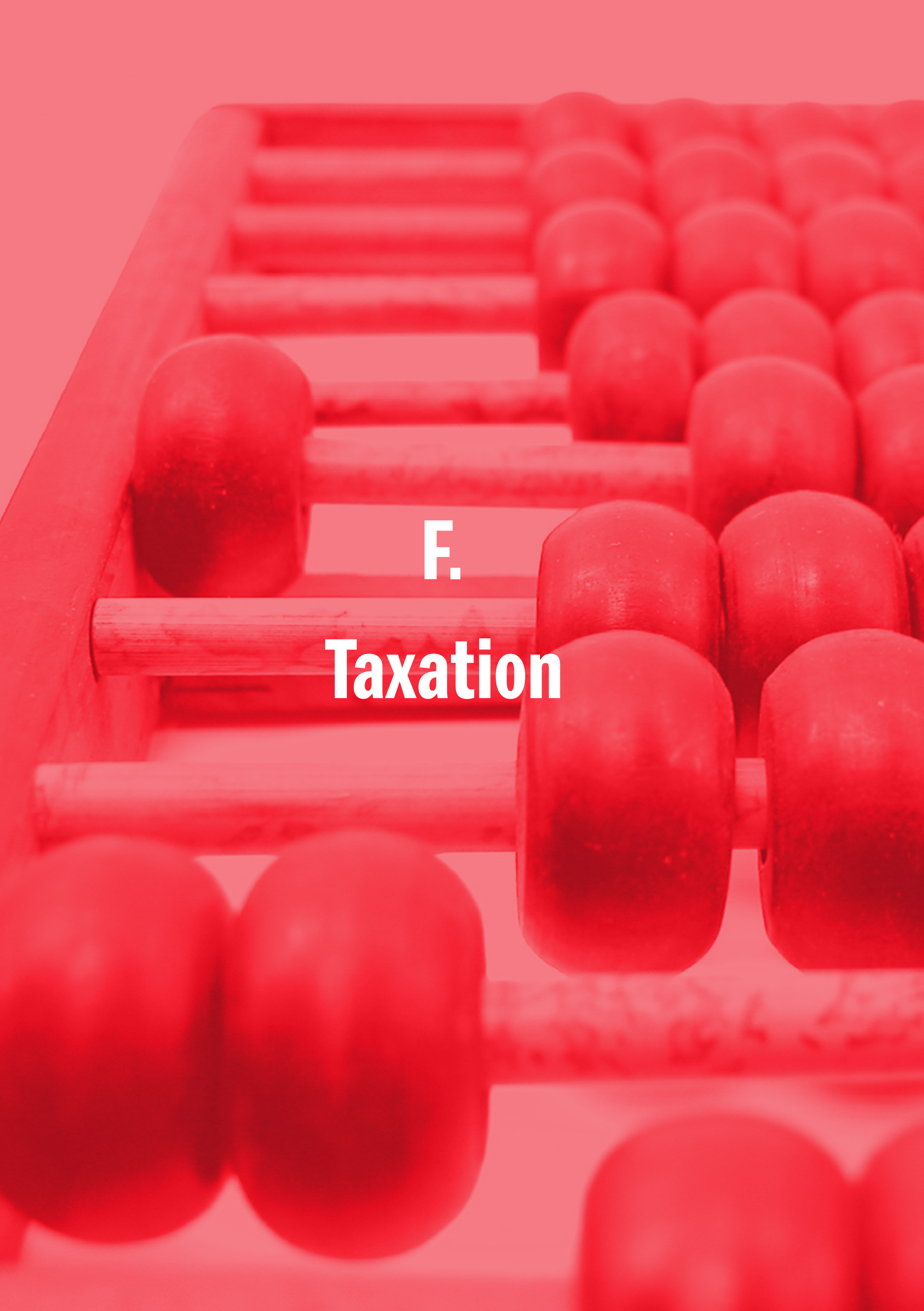
- Investment license-issuing bodies are entitled to carry out periodic checks and inspections of FIEs.
- Other organizations, as stipulated by law, may undertake random inspections relating to the matter they are in charge of.

The following are the procedures for regular and special inspections:

- The inspecting bodies must inform the FIE or parties to a BCC of the plan and matters relating to the inspection at least seven days in advance. For special inspections, the inspection body must prepare a plan and notify the investment license-issuing body at least 15 days in advance.
- The inspection body must issue a decision based on the inspection.
- The inspection minutes must be signed by a representative of the inspection team and of the enterprise.
- The inspection report must be sent to the investment license-issuing body.
- Project evaluation and issuance of an investment license must be completed 30 or 45 days from the date of receipt of the completed filing documentation (depending on the type of project).

Random inspections are subject to the following procedures:

- They may be conducted if grounds exist to believe that an enterprise has breached the law.
- Procedures for conducting random inspections are the same as for periodic inspections; however, it is not necessary to inform the enterprise being inspected seven days in advance.



F.

Taxation

The Vietnamese taxation system has the following forms of taxes:

- Enterprise Income Tax (EIT);
- Value-Added Tax (VAT);
- Foreign Contractor Withholding Tax (FCWT);
- Special Sales Tax (SST);
- Import and Export Tax;
- Personal Income Tax (PIT); and
- Natural Resources Tax (applicable to those engaged in exploiting natural resources).

F.1 Taxes on Corporate Income and Gains

F.1.1 Enterprise Income Tax (EIT)

EIT rates

Before 1 January 2004, there were separate income tax regimes for companies with foreign-owned capital, branches of foreign companies, foreign contractors and domestic companies, but since that date, all of the above entities, except for foreign contractors, have been subject to a uniform EIT system.

Companies with foreign-owned capital (including joint venture companies, wholly foreign-owned companies and foreign parties to BCCs), branches of foreign companies and domestic companies are generally subject to a flat rate of 28% unless they qualify for tax incentives which reduce their EIT rates to 10%, 15%, or 20%. The rates of tax applicable to these enterprises vary according to their activities, investment profiles and geographical locations. For companies with foreign-owned capital, the applicable income tax rate is specified in the company's investment license.

Computation of EIT

EIT is computed under the following formula:

EIT = Taxable Income * Tax rate
Taxable income in a period is a function of the taxable turnover less deductible expenses.

Taxation of Capital Gains and Passive Income

The tax rates on capital gains and forms of passive income are shown in the following table.

Capital gains tax rate (%)	10/15/20/28%
Withholding tax rates (%):	
- Dividends	Not applicable
- Interest	10%
- Royalties	10%
- Payments to foreign consultants	10%

Gains derived from the sale of fixed assets are treated as taxable profits and are subject to tax at the normal income tax rates. It is unclear, however, whether gains from capital gains would be taxed at the standard rate of 28% or at the lower rate specified in the seller's investment license.

Before 1 January 2004, companies with foreign-owned capital were subject to profit remittance tax (a form of dividend withholding tax) at 3%, 5% or 7%. This tax was abolished on 1 January 2004.

Payments to foreign contractors for general services are subject to tax at the standard rate of 10%, which consists of 5% VAT and a deemed rate of 5% EIT. Lower rates are available for certain services.

F.1.2 Tax Incentives

In general, projects meeting certain criteria may qualify for tax incentives, which vary according to the preferential income tax rate applicable to the project. These incentives consist of the following:

- Preferential tax rates of 10%, 15% and 20% for a period from 10 to 15 years from the start of operations;
- Exemption from EIT for up to four years from the first profit-making year. For tax incentive purposes, the "first profit-making year" is the first year an enterprise derives a profit before offsetting losses (if any) from previous years; and
- Subsequent 50% reduction of EIT for a period of up to nine years.

The Prime Minister determines preferential EIT rates for economic zones and key investment projects, and is able to grant tax holidays for up to 4 years and EIT reductions of 50% for up to 9 years.

Business Enterprises Entitled to Preferential Rates

Preferential EIT rates are applied to business enterprises as follows:

- A 20% EIT rate applies to newly established businesses formed on the basis of investment projects in the industries and sectors prescribed in List A of Decree 108, and to newly established services businesses formed on the basis of investment projects implemented in industrial zones.
- A 20% EIT rate applies to newly established businesses formed on the basis of investment projects in 'difficult' socio-economic regions stipulated in List B of Decree 108.
- A 15% EIT rate applies to newly established businesses formed on the basis of investment projects in List A industries and sectors which are implemented in List B regions.
- A 15% EIT rate applies to newly established businesses formed on the basis of investment projects in the particularly difficult socio-economic regions stipulated in List C of Decree 108, to newly established services businesses formed on the basis of investment projects implemented in export processing zones (EPZs) and to newly established production businesses formed on the basis of investment projects implemented in industrial zones (IZs).
- A 10% EIT rate applies to newly established businesses formed on the basis of investment projects in List A industries and sectors which are implemented in List C regions, to newly established infrastructure development businesses formed on the basis of investment projects to develop infrastructure in IZs or EPZs and to newly established processing businesses in the manufacturing sector irrespective of whether or not they are located in IZs.

Period of Preferential Rates

The following time limits, from the time a project begins production or business activities, are set on the applicability of the preferential rates:

- A 10% EIT rate applies for a period of 15 years;
- A 15% EIT rate applies for a period of 12 years; and
- A 20% EIT rate applies for a period of 10 years.

Once this period of preferential EIT rates is over, business entities are subject to the standard EIT rate of 28%.

Period of Tax Exemption and Reduction

The periods of exemption from, and extent of reduction of, EIT for various categories of newly established companies are shown in the following table.

Category	*Exemption*	*50% Reduction*
Ordinary investment	2	2 years
A – Investment in industries and sectors prescribed in List A	2	3 years
B – Investment in regions in which investment is encouraged as prescribed in List B	2	6 years
C – Investment in regions in which investment is encouraged as prescribed in List C	2	8 years
L – Employing a certain average number of employees per year	2	3 years
A + B	3	7 years
A + C	4	7 years
A + L	2	5 years
A + B + L	3	8 years
A + C + L	4	8 years
Build-Operate-Transfer or Build-Transfer-Operate (BOT/BTO)	4	9 years

When implementing the tax exemption and reduction, enterprises must observe the following:

- The duration of the exemption and reduction periods is calculated consecutively from the first profit-making year.
- During the course of business, if an enterprise does not satisfy the conditions and terms for enjoying preferential business income tax rates, the investment license-issuing body may adjust the tax rates, the exemption period and the reduction of business income tax as previously stipulated in the investment license.

- If an enterprise encounters difficulties resulting from natural disasters, fire and other events of *force majeure*, the Ministry of Finance (MOF) may decide to grant a request for exemption from or reduction in tax.

It should be noted that the preferential rates need to be outlined in the enterprise's license.

F.1.3 Foreign Contractor Withholding Tax (FCWT)

The FCWT regime applies to payments made by a Vietnamese contracting party to a foreign entity operating outside the Law on Foreign Investment in Vietnam. The term "foreign contractor" refers to a foreign person or entity carrying out business in, or deriving income from, Vietnam without a foreign investment license issued by the Ministry of Planning and Investment or its delegated authorities.

Foreign contractors are subject to, among other things, VAT and EIT and because foreign contractors are not required to keep books or be audited in Vietnam, these taxes are collected under a method known as the Foreign Contractor Withholding Tax system. This system stipulates that VAT and EIT payments must be withheld from the contractors by the payer.

FCWT is regulated by MOF Circular 05/2005/TT-BTC. Under this Circular and other associated regulations, two methods exist in which VAT and EIT can be calculated and paid by a foreign contractor:

- Direct method (where the project owner withholds VAT and EIT from payments); or
- The payment of VAT and EIT (on net profit) as a registered taxpayer.

Under the Direct Method, the VAT and EIT rates as follows:

Business Activity or Industry	*VAT (Deemed)*
Commerce, including the supply of water, food and foodstuffs; and the supply of chemicals to oil and gas contractors	1%
Services	5%
Construction, installation with the supply of materials and/or supply of machinery and equipment	1.5%

Business Activity or Industry	*VAT (Deemed)*
Construction, installation without the supply of materials and/or without the supply of machinery and equipment	2.5%
Production/manufacturing, other business, transportation	2.5%

Business Activity or Industry	*Enterprise Income Tax (Deemed)*
Commerce: distribution, provision of goods, materials, machinery and equipment in Vietnam	1%
Services	5%
Construction	2%
Production/manufacturing, other business, transportation	2%
Loan interest	10%
Royalties	10%

Under the Deduction Method, the VAT rates are 0%, 5% or 10% of the value added, depending on the type of goods and services supplied. EIT is imposed directly on foreign contractors at the rate of 28% of their net profits.

F.1.4 Capital Gains and Losses

Capital gains derived from the sale of fixed assets are treated as taxable income.

Gains derived from the transfer of shares in FIEs are subject to capital transfer tax.

F.2 Tax Administration

F.2.1 Filing of Returns

FIEs generally use the calendar year as their tax year unless otherwise approved by the MOF.

Enterprises must file a provisional income tax return by the 25th day of the tax year. An adjusted provisional income tax declaration may be filed after a half-year of operation, but no later than the 30th day of the second half of the year.

Enterprises will be required to pay provisional tax on a quarterly basis, based upon their own declaration or an assessment by the tax authorities (as the case may be). The deadline for provisional payment is the last day of the relevant quarter.

Annual tax finalization must be submitted within 90 days from the end of the tax year and payment of outstanding tax (if any) must be made within 10 days of submission. Filing of an adjusted tax finalization is allowable but will be subject to a penalty if submitted after the above deadline.

Late payment of tax is subject to a fine of 0.1% of the unpaid amount for each day of delay. Tax evasion will be subject to a penalty of 1 to 5 times the amount involved and/or criminal prosecution.

F.2.2 Tax Code Registration

All FIEs are required to apply to the local tax authorities for a tax code, which will be used for tax declaration and payment purposes.

Documents required to register a tax code include an application letter, the standard tax code registration form (as provided by the tax authorities and completed by the FIE) and a notarized copy of the Investment License.

The tax authorities then issue a "Tax Registration Certificate" to the Company within 10 to 15 days from receipt of the completed application.

F.3 Foreign Tax Relief

Vietnam has signed tax treaties with many countries that provide relief from double taxation. Details are given in Appendix 7.
Vietnam is also a signatory to agreements forged among members of regional or trade associations, such as ASEAN, which provide for preferential tariff rates.

F.4 Determination of Taxable Income

F.4.1 The Starting Point for the Determination of Taxable Income

The taxable income of an enterprise with foreign-owned capital is the income shown in the financial statements, subject to certain adjustments. Taxable income includes income derived by branch operations from business and other activities (including income from the transfer of land use rights or land lease rights, surcharges and extra earnings). Income from the transfer of land use rights or land lease rights is taxed separately per transaction at the rate of 28%.

F.4.2 Deductions

Enterprises may deduct expenses related to their operations, provided these expenses are in line with MOF-issued guidelines. Under these guidelines, the following expenses may be deducted if they are supported by evidence:

- Depreciation in accordance with MOF guidelines. Enterprises applying the straight-line method and earning high profits may be allowed to accelerate the depreciation of certain fixed assets, but not exceeding twice the depreciation using the straight-line method.
- Raw materials, fuel, energy, goods and tools used in production, trading or the performance of services.
- Salaries, wages and allowances, which must be supported by labor contracts or collective labor agreements.
- Scientific and technology research expenses and other expenses relating to innovation and the improvement of technology.
- Costs of hired services including legal, design and audit services, services to establish and protect trademarks, and other hired services.
- Expenses for uniforms, business expenses and financial support for unions in the enterprises and contributions to associations in accordance with legal measures.
- Maintenance, packaging and transportation.
- Social and health insurance fund contributions, and payments to female employees, subject to certain requirements.
- Taxes, levies and other similar charges, excluding income tax.
- Asset and accident insurance.
- Payment of interest on loans from banks, credit institutions and business entities is based on the loan agreements and not limited. However, payment of loan interest to others is limited to a maximum of 120% of the amount, calculated based on the lending rate published by commercial banks at the time of the loan agreement.
- Repairs of fixed assets and payments of royalties.
- Measures for price reductions in the inventory, doubtful debts and reduction

in the value of shares held by the enterprise, and severance allowances paid to employees in accordance with the applicable regulations;

- Marketing, advertising and promotion expenses, and other expenses not specified above will be restricted to 10% of the total of the above-mentioned deductible expenses.

Inventories

Inventory valuation must be consistent with the accounting principles and standards selected by the company and approved by the MOF. No specific guidelines have been established by the tax authorities.

Tax Depreciation

Depreciation of fixed assets is generally applied using the straight-line method. The MOF has issued guidelines setting forth the minimum and maximum number of years for depreciation of various assets, but companies may apply to the MOF for permission to use a variety of time periods. Following are the minimum and maximum years of depreciation for certain categories of assets:

Asset	*Depreciation Period*
Intangible assets	No more than 30 years
Commercial and industrial buildings	5 to 50 years
Machinery and equipment	5 to 15 years
Transport vehicles	6 to 30 years
Office equipment	3 to 10 years

Depreciation rates exceeding those allowed by the MOF are not deductible for tax purposes.

Relief for Losses

FIEs (including a party to a BCC), domestic enterprises and branches of foreign companies may carry forward losses incurred in operations to the following five years if these losses are shown in an annual tax return that has been finalized with the tax office.

Carrying back of losses is not allowed.

Groups of Companies

FIEs may file a consolidated return for all dependent units and dependent establishments operating throughout Vietnam.

F.5 Taxes on Goods and Services

F.5.1 Value-Added Tax (VAT)

VAT Payers

VAT payers include all individuals and organizations carrying out business in Vietnam.

VAT Rates

Currently, four rates of VAT apply: 0% (applicable to specific exported services), 5% (the concessionary rate), 10% (the common rate) and 20% (for luxury goods and services).

VAT Exemption

The VAT Law lists numerous goods and services that are not subject to VAT. These include, among others, machinery and equipment that is not locally produced and is therefore imported to form the fixed assets of a business; credit, life insurance or medical services; education; non-refundable aid; international transportation; technology transfer; and software and related services.

Requirements for Registration and Declaration of VAT

VAT payers are required to register for payment of VAT with the local taxation authorities where they are located. Several documents and standard forms required for this purpose exist as stated under VAT regulations.

VAT is to be declared provisionally on a monthly basis, and paid to the State Treasury in accordance with the notice issued by the tax office, and in any event no later than the 25th day of the following month.

F.5.2 Import and Export Duty

Regulation of Import and Export Duties

Import duty is generally assessed on an *ad valorem* (on value) basis. Import and export duty rates are subject to frequent changes (as often as quarterly) and it is always prudent to check the latest position.

Import duty rates fall into three categories: standard rates, preferential rates and special preferential rates. Preferential rates are applicable to imported goods from countries that have Most Favored Nation (MFN) status with Vietnam and special preferential rates apply to imported goods from countries that have a special preferential agreement with Vietnam, such as the ASEAN member states.

To qualify for preferential rates or special preferential rates, the imported goods must be accompanied by a Certificate of Origin. Without this, or if goods are sourced from non-preferential treatment countries, the standard rate (being the preferential rate with a 50% surcharge) is imposed.

The preferential rates, generally ranging from 0% to 150%, tend to be used as the basis for calculating import duty.

The dutiable value of goods imported by enterprises or parties to partnerships covered by the *Law on Investment* and imported under a contract for the sale and purchase of goods is determined following a hierarchy of methods prescribed by the Ministry of Finance. The first three methods base the dutiable value on the following:

- The transaction price of the imported goods;
- The transaction price of identical imported goods; and
- The transaction price of similar goods.

For goods imported without a goods sale or purchase contract, or if the contract does not comply with the provisions of the Commercial Law, the dutiable price is as provided by the local Customs Departments.

The basis for the computation of import duty is the cost, insurance and freight (CIF) price–that is, the purchase price at the destination port stated in the contract, plus freight and insurance costs.

Export duties are only imposed on a few items, basically natural resources such as rice, minerals, forest products, fish and scrap metal. These rates range from 0% to

45%. The basis for calculating export duties is the free on board (FOB) price–that is, the selling price of goods at the port of departure as stated in the contract, excluding freight and insurance costs.

Exemption or Reduction in Import & Export Taxes

Exemption and reduction of import and export taxes are granted for:

- Goods temporarily exported, then re-imported, for exhibition purposes;
- Goods lost or damaged during transportation, loading or unloading, subject to certification by the competent agencies;
- Goods in which investment is specially encouraged under Government regulations;
- Goods exported from enterprises in EPZs;
- Certain furniture and equipment imported by FIEs or parties to a BCC for serviced apartments and office buildings, housing, commercial complex centers, supermarkets, golf courses, resorts, sports centers and recreational zones, or in the hotel, technical services, health care, education and training, culture, finance, banking, insurance, accounting and consultancy sectors;
- Production materials in investment projects under specially encouraged investment categories or investment projects in areas with particularly difficult socio-economic conditions for the first five years from the start of production;
- Materials, spare parts and accessories imported to produce export goods; and
- Materials used by FIEs and business cooperation parties in products which are sold to other enterprises who produce export products directly.

Legally prescribed machinery, equipment and means of transport imported to form fixed assets of FIEs or BCCs are exempted from import duties.

A reduction in the tax rate is also granted for the expansion of investment projects and acquisition of new technologies.

F.5.3 Special Sales Tax

Vietnam imposes a special sales tax (SST) on imported and domestically-produced luxury goods such as cigarettes, beer, spirits, automobiles, fuel and air conditioners, and on various services, including casinos, horse and motor racing, golf courses and a variety of places of entertainment. The SST is imposed on the taxable value of the goods.

For domestically-produced goods, the taxable value equals the manufacturer's selling price, divided by one, plus the tax rate. For imported goods, taxable value equals the CIF value plus import duty.

SST rates vary from 10% to 80%.

F.5.4 Business License Tax

Business License Tax. An FIE is required to pay Business License Tax on an annual basis (at the beginning of the calendar year) at the following rates:

Level of Business License Tax	*Legal Capital (VND)*	*Business License Tax Payable per Year (VND)*
Level 1	Over 10 billion	3,000,000
Level 2	5 billion to 10 billion	2,000,000
Level 3	2 billion to 5 billion	1,500,000
Level 4	Below 2 billion	1,000,000

F.6 Taxes on Individuals

Persons subject to Personal Income Tax

Vietnamese residents are subject to personal income tax (PIT) on their worldwide regular income and on Vietnam-sourced irregular income. Nonresidents are subject to tax only on Vietnam-sourced regular and irregular income.

Liability for PIT is determined on the basis of residency. Vietnamese citizens are always treated as tax residents, while the residency of an expatriate is determined based on the duration of his or her physical presence in Vietnam.

Foreigners who are in Vietnam for an aggregate of 183 days or more within a consecutive 12-month period from the first date of arrival, or in subsequent calendar years, are treated as tax residents in Vietnam. They are subject to Vietnamese PIT on their *worldwide income* and on a progressive tax rate basis regardless of where the income is paid. A person who qualifies as a resident in one year is automatically treated as a resident in the following year.

Foreigners who spend fewer than 183 days in aggregate (arrival and departure days together count as one day) within a consecutive 12-month period following the first date of arrival, or in subsequent calendar years, are considered as non-tax residents. Non-tax residents are subject to PIT at a flat tax rate of 25% on their *Vietnam-sourced income*.

Requirements for Registration and Declaration of PIT

An employer is required to register its employees for income tax payment with the tax office. Furthermore, on a monthly basis, the employer is required to withhold tax from the employees' income, and declare and pay tax (provisionally) to the State Budget no later than the 15th day of the subsequent month. At year-end, a final tax return must be submitted to the tax authorities on or before the 28th day of February of the subsequent year or 30 days after the contract termination date.

Irregular income is declared and taxed on each separate transaction.

Income Subject to Tax

Employment Income. Taxable income is categorized into regular income and irregular income. Regular income includes salaries, wages, bonuses, allowances, differentials, premiums, directors' fees and remuneration, income tax and benefits paid by the employer, allowances, income derived from technology and science services, from licensing the right to use inventions, trademarks and technical know-how, broking commission and other payments for employment services rendered. The taxable value of accommodation provided by the employer is the lower of rental paid or 15% of the income. Income that is not regular income is classified as irregular income (technology transfers and lottery winnings). Income in excess of VND 15 million earned from technology transfer is subject to a tax rate of 5% of total income. Similarly, income over VND 15 million earned in a single instance from winning the lottery or a promotional prize, is also subject to a tax rate of 10% of total income. Whereas tax on regular income is paid on a monthly basis, tax on irregular income is calculated for each payment made. Income received in foreign currency is converted to Vietnamese dong in order to calculate taxable income.

Self-employment and Business Income. All profits accruing in Vietnam are subject to tax.

Investment Income. Dividends and interest income are temporarily not subject to tax.

Taxation of Employer-provided Stock Options. All income derived from the exercise of cashless stock option plans is subject to tax. If an employee has to pay cash to obtain the options and subsequently earns income from selling the shares derived from the exercise of the option, then this income will be considered as income derived from trading securities and temporarily exempt from tax.

Capital Gains. Except for gains derived from the transfer of the capital of the owner of a private enterprise, including an interest in an investment license, capital gains are not taxable.

Net Worth, Estate and Gift Taxes. Net worth, estate and gift taxes are not levied in Vietnam.

Tax Rates

The PIT rates for the regular income of resident foreigners and Vietnamese citizens working abroad are given in the following table.

Monthly Average Gross Taxable Income (GTI)		*Progressive Rate (%)*	*Income Tax Liability (VND)*
Exceeding (VND)	*Not Exceeding (VND)*		
	8,000,000	0	0
8,000,000	20,000,000	10	GTI x 0.1 - 800,000
20,000,000	50,000,000	20	GTI x 0.2 - 2,800,000
50,000,000	80,000,000	30	GTI x 0.3 - 7,800,000
80,000,000		40	GTI x 0.4 - 15,800,000

The PIT rates for the regular income of Vietnamese employees are given in the following table.

Monthly Average Gross Taxable Income (GTI)		*Progressive Rate (%)*	*Income Tax Liability (VND)*
Exceeding (VND)	*Not Exceeding (VND)*		
	5,000,000	0	0
5,000,000	15,000,000	10	GTI x 0.1 - 500,000
15,000,000	25,000,000	20	GTI x 0.2 - 2,000,000
25,000,000	40,000,000	30	GTI x 0.3 - 4,500,000
40,000,000		40	GTI x 0.4 - 8,500,000

Grossing-up formulas are provided for calculating PIT on net incomes. Additional information is also provided in Appendix 6.

Deductions

Deductible Expenses. Statutory deductions (such as social and health insurance contributions) are deductible for personal income tax purposes. This deduction may also be applied to foreigners who have paid these statutory contributions in their home countries.

Personal Deductions and Allowances. No personal allowances or relief are deductible from regular income.

Relief for Losses. The personal income tax system does not provide relief for business losses.

F.7 Other Tax Matters

Transfer Pricing. In December 2005, the MOF issued a circular providing detailed guidance on transfer pricing. According to the circular, the tax authorities may use the following methods to adjust transfer prices:

- Comparable uncontrolled price method;
- Resale price method;
- Cost-plus method;
- Profit split method; and
- Transactional net margin method.

Double-tax Relief and Tax Treaties. A list of countries with which Vietnam has signed double taxation agreements (as of 20 November 2005) is given in Appendix 7.

G.
Financial Reporting and Auditing

G.1 Statutory Requirements

Within one financial year from the date of obtaining an investment license, a newly established company is required to appoint a chief accountant. During this initial period, a qualified accountant must be appointed by the FIE to take care of all accounting activities. The chief accountant's qualifications are listed in an advice issued by the MOF.

All FIEs operating in Vietnam are required to apply the Vietnamese Accounting System (VAS) as their financial reporting framework and, providing they apply this without modifications or exemptions, they do not need to register with the MOF. Modifications and exemptions (such as the use of an accounting system based on International Financial Reporting Standards, or IFRS) may be applied for, subject to MOF approval. After consideration, the MOF may allow enterprises or organizations to apply other common accounting systems if they are engaged in newly established business lines in Vietnam, in business lines for which no established financial or accounting regulations or guidance exist, or in business lines for which the accounting system is under development, such as in certain financial services or in project management.

Reporting on the Use of Investment Capital

Circular 12 requires that an enterprise report be submitted to the Ministry of Planning and Investment (MPI) within six months from the implementation of its approved investment capital, which generally coincides with the completion of construction work.

It is strongly recommended that all relevant supporting documents for all expenditures during the construction period be collected and kept. This would not only support the accounting records but also facilitate the following activities:

- Valuation of each asset after the FIE comes into operation;
- Meeting the statutory obligation on the finalization of construction costs and invested capital; and
- Control of fixed assets within the FIE.

Reporting on Finalization of Construction Costs and Invested Capital

After submitting the required Report on the Finalization of Construction Costs and Invested Capital to the MPI, the enterprise must obtain a Finalization Report

Registration Certificate on the construction work and a Report Registration Certificate on implemented invested capital issued by the investment license-issuing body.

G.2 Accounting Principles and Practices

Source

The Vietnamese Accounting System (VAS), promulgated by the MOF's Department of Accounting Policy in 1996, is the primary source for accounting rules in Vietnam. The official English translation of the VAS is contained in *Vietnamese Accounting Standards*, published by the MOF. The VAS is periodically modified or updated by new standards, circulars, and decisions issued by the MOF.

Applicability

The VAS applies to both state-owned and private Vietnamese companies, as well as to FIEs.

The VAS rules prescribe in detail the method by which transactions are to be accounted for, including the use of specific accounting codes and account names. The VAS also prescribes a standard chart of accounts, the format of internal accounting documentation, and the bookkeeping journals for all types of transactions to be used by duly registered enterprises. These records must be maintained in the Vietnamese language and currency.

Deviations from the VAS, such as maintaining accounting records in a currency other than the Vietnamese dong, or deviations resulting from the use of accounting software packages, require prior approval from the MOF. After 2001, all companies that were previously registered to use other accounting systems were required by the MOF to migrate to the VAS. To a certain extent, deferrals of the VAS implementation have been granted if application of the VAS was considered to be impractical or inappropriate, or if exceptions were justified by the needs of enterprises engaged in specialized industries, such as hospitality, and oil and gas. Nevertheless, the MOF is currently allowing only a limited number of exceptions. Other MOF-approved accounting regimes that are currently in use by foreign-invested companies include IFRS, and generally accepted accounting principles (GAAP) of the United States, the United Kingdom and France.

Differences between VAS and International Standards

Recognizing the need for the harmonization of the VAS with IFRS, formerly known as International Accounting Standards (IAS), the MOF released a total of 16 Vietnamese Accounting Standards on 4 December 2001 and a further 10 on 30 September 2006. These were the following:

- Four "Series 1" accounting standards on Inventories (Standard 2), Tangible Fixed Assets (Standard 3), Intangible Fixed Assets (Standard 4) and Revenues and Other Income (Standard 14);
- Six "Series 2" accounting standards on Framework (Standard 1), Leases (Standard 6), The Effects of Changes in Foreign Exchange Rates (Standard 10), Construction Contracts (Standard 15), Borrowing Costs (Standard 16) and Cash Flow Statements (Standard 24);
- Six "Series 3" accounting standards on Fixed Asset Investments (Standard 5), Accounting for Investments in Associates (Standard 7), Financial Disclosures on Capital Contribution in Joint Ventures (Standard 8), Financial Statement Presentation (Standard 21), Consolidated Financial Statements and Accounting for Investments in Subsidiaries (Standard 25) and Financial Disclosures on Related Parties (Standard 26);
- Six "Series 4" accounting standards on Income Tax (Standard 17), Disclosures in the Financial Statements of Banks and similar Financial Institutions (Standard 22), Events after the Balance Sheet Date (Standard 23), Interim Financial Reporting (Standard 27), Segment Reporting (Standard 28) and Changes in Accounting Policies, Accounting Estimates and Errors (Standard 29);
- Four "Series 5" accounting standards on Business Combinations (Standard 11), Provisions, Contingent Liabilities and Contingent Assets (Standard 18), Insurance Contracts (Standard 19) and Earnings per Share (Standard 30).

The content of these recent Standards is largely consistent with IFRS, with a few slight differences to reflect and address local circumstances.

Notwithstanding these developments, at present, the reporting of VAS-based financial statements still conforms to a set of prescribed chart of accounts and a report format which are different from IFRS. Therefore, an enterprise in Vietnam using VAS generally needs to convert its VAS accounts to comply with group reporting policies abroad, or with IFRS.

Currently, industry-specific accounting guidelines that supplement the VAS are available only for insurers and banks. In addition, although the insurance and banking industries are each covered by a specific VAS, issued by the MOF, the SBV has also issued accounting and reporting regulations for banks, leasing and finance companies.

Changes in the Vietnamese Accounting System

The VAS is still under development, with limitations due to the absence of standards for several types of complex transactions. The further development of the VAS has been helped by the release of Standard 1 – Framework, which mandates the application of basic accounting principles and concepts that are consistent with IFRS, such as the accruals basis, going concern, the matching principle, consistency and prudence. Standard 1 also defines the requirements of accounting information (integrity, objectivity, completeness, timeliness, understandability and comparability) as well as the elements of financial statements (assets, liabilities, equity, revenues, other income and expenses) and the criteria for recognizing these elements. The MOF is continuing to work with the accounting profession in Vietnam to update and refine the VAS.

In principle, the VAS is independent from tax regulations; however, they are often interpreted as being the same. This causes confusion because tax regulations may contradict the VAS, and are frequently interpreted differently by the various local tax offices.

G.3 Disclosure, Reporting and Filing Requirements

Reporting Format and Disclosure Requirements

The basic financial statements comprise the following:

- Balance sheet, including a separate schedule for off balance sheet items;
- Profit and loss account, including separate schedules for statutory obligations and value-added tax;
- Cash flow statement; and
- Notes to the financial statements.

Flexibility in the preparation of VAS financial statements is limited in that the report format and disclosure requirements are prescribed by the MOF. The information required to be disclosed in the notes to the financial statements includes a disclosure on the calculation of taxable income, commitments and contingencies, and related-party transactions.

Reporting and Filing Requirements

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

- The city or provincial tax office;
- The MOF or the provincial Department of Finance;
- The MPI, or the relevant delegated investment license-granting authority in the case of FIEs;
- The General Statistics Office; and
- For enterprises located in an Export Processing Zone (EPZ) or Industrial Zone (IZ), the EPZ or IZ Management Board.

All FIEs and parties to business cooperation contracts (BCCs) are required to file annual financial statements. Companies must file their audited financial statements within three months after the close of their registered financial period, although extensions are generally granted on submission of a written request explaining the reasons for the delay in the filing.

An enterprise's financial year is generally the calendar year; however, an application may be lodged with the MOF to use of a different financial period.

There is no requirement to publish financial statements, and they are generally not made available to the public.

Statutory Reporting Requirement applicable to Foreign-invested Enterprises

According to current regulations and law, audited financial statements must be submitted to the MPI, the MOF, the General Department of Statistics, the local tax authorities where the head office of the enterprise is located, the Board of Management of EPZs and IZs (for enterprises located in these zones), and to the parties contributing capital to a joint venture.

Submissions of audited statutory financial statements must be made within 90 days from the end of the enterprise's registered financial year.

Statistical Reports

All companies in Vietnam must submit monthly and quarterly statistical reports to the General Statistics Office.

Retention of Documents and Other Accounting Records

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

- Documents to be kept for at least 5 years include those used in the management of an enterprise's regular operations.
- Documents to be kept for at least 10 years include accounting books, financial statements, and reports of independent auditing firms.
- Documents to be kept permanently include those that relate to the economy, security and national defense.

Accounting Treatment of Establishment and Pre-operating Expenses

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

Under current regulations, two alternative approaches exist to account for establishment costs and certain pre-operating expenses (like training and advertisement expenses): charging to the Income Statement as incurred, or capitalizing as deferred assets and amortizing over a period of no more than three years.

G.4 Audit Requirements

Under existing regulations, the annual financial statements of FIEs, stock exchange listed entities, BCCs, insurance companies, banks and state-owned enterprises require an independent audit. The Law on Foreign Investment requires the financial statements of all enterprises established under this Law to be audited by a duly recognized auditing company. The MOF is currently considering the requirement to audit the financial statements of private Vietnamese companies that exceed a threshold based on the level of contributed legal capital.

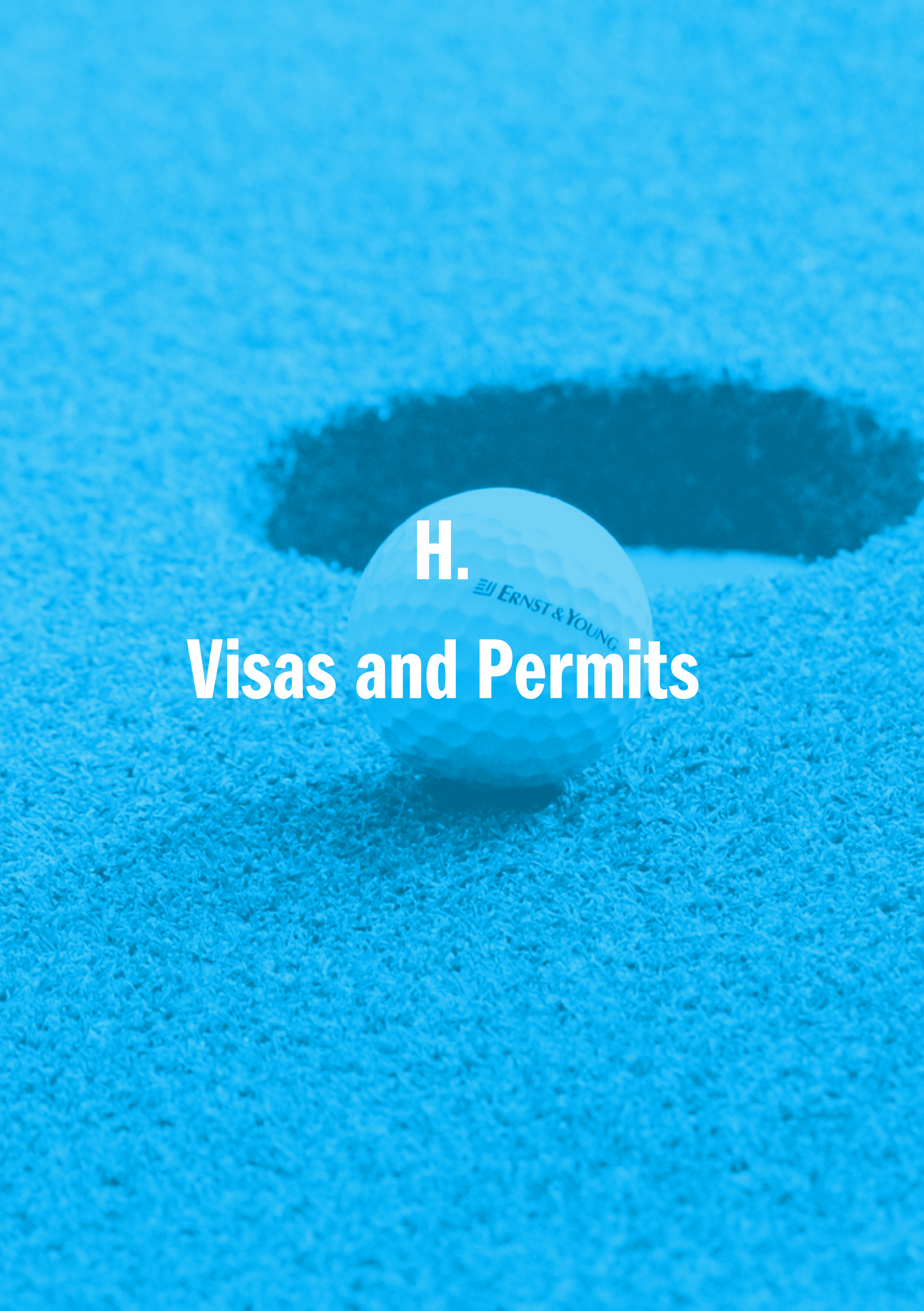
International audit firms in Vietnam apply International Standards on Auditing issued by the International Federation of Accountants. For audits of VAS financial statements, Vietnamese Standards on Auditing are also applied.

As at 30 September 2006, a total of 37 Vietnamese Standards on Auditing had been issued by the MOF since 1999. These Standards are:

- Four “Series 1” Vietnamese Standards of Auditing on Objective and General Principles Governing an Audit of Financial Statements (Standard 200), Terms of Audit Engagement (Standard 210), Documentation (Standard 230) and The Audit Report on Financial Statements (Standard 700);
- Six “Series 2” Vietnamese Standards of Auditing on the Consideration of Laws and Regulations in an Audit of Financial Statements (Standard 250), Knowledge of the Business (Standard 310), Audit Evidence (Standard 500), Initial Engagement – Opening Balance (Standard 510), Analytical Procedures (Standard 520) and Management Representation (Standard 580);
- Six “Series 3” Vietnamese Standards of Auditing on Fraud and Error (Standard 240), Planning (Standard 300), Risk Assessment and Internal Control (Standard 400), Audit Sampling and Other Selective Testing Procedures (Standard 530), Audit of Accounting Estimates (Standard 540) and Considering The Work of Internal Auditing (Standard 610);
- Five “Series 4” Vietnamese Standards of Auditing on Quality Control for Audit Work (Standard 220), Audit Materiality (Standard 320), Audit Evidence – Additional Considerations for Specific Items (Standard 501), Subsequent Events (Standard 560) and Using the Work of Other Auditors (Standard 600);
- Six “Series 5” Vietnamese Standards of Auditing on Performing Audits in a Computer Information Systems Environment (Standard 401), Related Parties (Standard 550), Going Concern (Standard 570), Auditing Report on Special Purpose Audit Engagements (Standard 800), Engagements to Review Financial Statements (Standard 910) and Engagements to Perform Agreed Upon Procedures regarding Financial Information (Standard 580);
- Six “Series 6” Vietnamese Standards of Auditing on Audit Considerations Relating to Entities using Service Organizations (Standard 402), Using the Work of an Expert (Standard 620), Comparatives (Standard 710), Other Information in Documents Containing Audited Financial Statements (Standard 720), Engagements to Compiled Financial Information (Standard 930) and Audits of Final Accounts of Investments (Standard 1000); and

- Four “Series 7” Vietnamese Standards of Auditing on Communications of Audit Matters with Those Charged with Governance (Standard 260), The Auditors’ Procedures in Response to Assessed Risks (Standard 320), External Confirmations (Standard 505) and Auditing Fair Value Measurements and Disclosures (Standard 545).

In addition to the audit of annual financial statements, FIEs are also required to submit an Implemented Invested Capital Report and a Construction Work Finalization Report within six months after completion of construction according to Circular 12/2000/TT-BKH, issued by the MPI on 15 September 2000.



H.
Visas and Permits

H.1 Entry Visas

To visit Vietnam, nationals of most countries require a visa which must be obtained in advance from an overseas Vietnamese embassy or consulate. Only in exceptional circumstances are visas issued on entry to the country. A business or tourist visa for Vietnam can be obtained on submission of the relevant application form, photographs, a passport (valid for at least six months) and an invitation letter or other documents indicating the purpose of the visit.

Citizens of the following countries do not require a Vietnamese entry visa for stays of specified periods, ranging from 15 to 30 days: Denmark, Norway, Finland and Sweden[13]; Japan, Korea[14]; Laos[15] and Indonesia [16]. Malaysia, Singapore, Thailand and the Philippines are also exempt from visa requirements for stays ranging up to 30 days. Moreover, those entering Vietnam with diplomatic, official and special passports enjoy entry visa exemption for up to 90 days in accordance with bilateral treaties (to date, Vietnam has signed 46 bilateral treaties on entry visa exemption)[17].

Single, dual and multiple-entry visas are available for business and tourist visas. After entering Vietnam, individuals may obtain an extension to their current visa, allowing a maximum stay in the country of twelve months, after which a new visa must be obtained[18]. Business visas require the sponsorship of an organization operating in Vietnam.

If a foreigner wants to undertake fact-finding, explore the possibilities of doing business or is arriving in the country for the first time, a tourist visa may be appropriate. Tourist visas, which can be obtained through travel agents, are valid for one month.

Foreign investors, or their assistants, who enter Vietnam to implement licensed investment projects may be granted multiple-entry visas for a period not exceeding one year. These may be renewed for additional one-year periods in accordance with the term of the contract. Residence permits are available to long-term expatriates working and living in Vietnam (please see H.3).

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13 Under Ministry of Foreign Affairs Decision 808/2005/QD-BNG dated 13 April 2005.
14 Under Ministry of Foreign Affairs Decision 09/2004/QD-BNG dated 30 June 2004.
15 Under Treaty 86/2004/LPQT dated 16 September 2004.
16 Under Treaty 03/2004/LPQT dated 5 February 2004.
17 Extracted from the Summary of entry visas exemption in Vietnam issued by the Department of Immigration.
18 Under Article 3 of Government Decree 21/2001/ND-CP dated 28 May 2001.

H.2 Work Permits

Foreigners working in Vietnam are required by law to obtain a work permit, which has a maximum validity period of three years, in accordance with their Vietnamese labor contract or assignment letter, except for the following: those working for less than three months, members of the BOM, branch or representative office heads and lawyers. To obtain a work permit, they must submit a work permit application with the required documents attached (as listed on the application form). Work permit application forms can be obtained from the local Department of Labor, War Invalids and Social Affairs, which issues the work permits.

H.3 Residence Permits

Residence permits are required for foreigners living in Vietnam. However, the Government does not strictly enforce this rule and, as a result, many foreigners do not have residence permits. To obtain a residence permit, an individual must apply to the Police Department and establish that he or she is currently employed in Vietnam by producing a work permit or an official tax declaration.

I.

Living in Vietnam

I.1 Housing

High-quality housing suitable for foreigners is now reasonably affordable in comparison to a few years ago. Rent for houses in Hanoi and Ho Chi Minh City ordinarily ranges from USD 800 to USD 5,000 per month, with many of the larger houses featuring gardens and swimming pools. Houses can be either furnished or unfurnished.

In addition, many serviced apartment buildings have been built in the last few years, resulting in an excess of such buildings and a consequent rent reduction for apartments in these buildings.

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

Six months' rent in advance may be required for accommodation, but advance rent of one to three months is more common. Many foreigners choose to employ household staff, such as maids, cooks, drivers, or guards. Wages range from USD 60 to USD 250 per month.

I.2 Education

Several privately-run international schools are located in Hanoi and Ho Chi Minh City for foreign children. These schools educate children of all nationalities from pre-school to high school and offer examinations under the International Baccalaureate program. Standard Aptitude Tests are also available at certain schools. Each school establishes its own curriculum, but the Australian, American and French education systems appear to be the most common. Annual tuition at these schools ranges from USD 3,000 to USD 14,000.

I.3 Medical Services

As of 2005, Vietnam had more than 51,500 doctors and over 13,000 health establishments (including over 1,700 hospitals and regional polyclinics), with almost 200,000 beds[19].

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

19 Source: General Statistics Office website.

Most clinics are not equipped for serious emergencies or surgery, and it is not advisable to have these procedures performed at a local Vietnamese hospital. Clinics can arrange medical evacuation, if required, at a cost of upwards of USD 30,000. As a result, foreigners living or traveling in Vietnam are advised to buy medical and medical-evacuation insurance.

I.4 Leisure and Tourism

Notwithstanding its war-riddled history, Vietnam as a culture and civilization has existed for more than 4,000 years. The traumatic interruptions in its peace have brought foreign influences into the culture–particularly from China, France, Japan and the United States–that have merged with, but not replaced, Vietnam's own long-standing heritage. Traditional farming methods, as well as traditional clothing, can still be seen in the countryside, while Vietnam's lively urban street life remains one of its most characteristic features.

Tourism is a growing sector of the economy. Vietnam welcomed some 1.6 million foreign tourists in the first five months of 2006, representing a year-on-year increase of 12 percent. It expects total revenue from tourism in 2010 to reach $4-5 billion, double the 2005 figure[20]. Vietnam has over 6,000 hotels with around 130,000 rooms, including 18 five-star hotels with 5,700 rooms, 41 four-star hotels with over 4,000 rooms, and 116 three-star hotels with 8,400 rooms[21].

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

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

20 Source: figures released by the General Statistics Office (GSO) on 29 May 2006.
21 Source: figures from the Hotel Department of the Vietnam National Administration of Tourism.

Glossary of Acronyms

The following acronyms have been used in this guide.

ADSL	Asymmetric digital subscriber line
AFTA	ASEAN Free Trade Agreement
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ATM	Automated teller machine
BCC	Business Cooperation Contract
BO	Build-Operate
BOM	Board of Managers
BOT	Build-Operate-Transfer
BT	Build-Transfer
BTA	Bilateral Trade Agreement
BTO	Build-Transfer-Operate
CDMA	Code division multiple access
CIF	Cost, insurance, freight
DTA	Double Taxation Agreement
EIT	Enterprise income tax
EPE	Export processing enterprise
EPZ	Export processing zone
EU	European Union
FCWT	Foreign contractor's withholding tax
FIE	Foreign-invested enterprise
FOB	Free on board

GAAP	Generally accepted accounting principles
GDP	Gross domestic product
GSM	Global System for Mobile Communications
GSO	General Statistics Office
GTI	Gross taxable income
HTZ	High-technology zone
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IZ	Industrial zone
MFN	Most Favored Nation
MOF	Ministry of Finance
MOLISA	Ministry of Labor, War Invalids and Social Affairs
MPI	Ministry of Planning and Investment
NTR	Normal Trade Relations
PIT	Personal income tax
PNI	Produced nation income
SBV	State Bank of Vietnam
SME	Small and medium-sized enterprises
SOE	State-owned enterprise
SSC	State Securities Commission
SST	Special sales tax
USD	United States dollar(s)
VAS	Vietnamese Accounting System
VAT	Value-added tax
VND	Vietnamese dong
WTO	World Trade Organization

Appendices

Appendix 1: Economic Performance Indicators

The following table shows selected performance indicators for Vietnam's economy from 1995 to 2006.

Indicator	*1997*	*1999*	*2003*	*2004*	*2005*	*2006*
Increase in real gross domestic product (GDP), in %	8.2	4.8	7.3	7.7	8.4	8.2
Retail price inflation rate, in %	4.0	0.1	3.2	7.7	8.3	7.5
GDP in VND trillion	313.6	399.98	613.4	715.3	839.2	973.8
GDP in USD billion		28.7	39.6	45.5	53.1	61.0
GDP per capita in USD	270.0	372.0	489.9	555.5	637.8	723.0
Exports, in USD billion	9.2	11.5	20.2	26.5	32.4	40.5
Imports, in USD billion	11.6	11.7	25.2	28.8	33.3	40.6
Trade deficit, in USD billion	2.4	0.2	5.1	2.3	0.8	0.1

Sources: General Statistics Office; Vietnam Ministry of Trade; the World Bank; the United Nations, Global Insight Report: Vietnam, 31 May 2007

Appendix 2: Foreign Exchange Rates

The following table shows the average Vietnamese dong exchange rates against major foreign currencies as of 31 December for the years shown.

Currency	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*
US dollar	14,725	15,280	15,510	15,746	15,905	16,080
Euro	13,996	16,768	20,287	21,541	18,839	22,020
British pound	22,929	25,662	28,733	30,417	27,369	32,674
German mark	7,156	8,573	10,373	11,014	9,632	11,258
Japanese yen	120.49	134.97	150.92	153.21	134,97	140.14
Australian dollar	8,080	9,037	12,109	12,316	11,612	13,164

Sources: The World Bank; International Monetary Fund and The Ministry of Finance of the Socialist Republic of Vietnam (US dollar rates); OANDA.com (other currencies).

Appendix 3: Principal Exports and Imports

The following tables list Vietnam's leading exports and imports up to 2004.

Exports

Commodity	*Value by Year, in Million USD*				
	1995	*2001*	*2002*	*2003*	*2004*
Food and live animals	2,064	4,052	4,118	4,432	5,278
Beverages and tobacco	5	46	75	160	174
Crude materials excluding fuels	371	413	517	631	831
Mineral fuels	1,211	3,469	3,568	4,151	6,233
Chemicals	31	222	262	340	421
Basic manufactures	350	990	1,125	1,355	1,890
Machines, transport equipment	89	1,399	1,337	1,793	2,562
Miscellaneous manufactured goods	1,315	4,408	5,691	7,260	9,055

Sources: Asian Development Bank and General Statistics Office.

Imports

Commodity	*Value by Year, in Million USD*				
	1995	*2001*	*2002*	*2003*	*2004*
Food and live animals	380	834	939	1,262	1,495
Beverage and tobacco	81	108	149	153	163
Crude materials excluding fuels	457	690	816	1,001	1,454
Mineral fuels	902	1,970	2,166	2,714	3,982
Chemicals	1,285	2,490	2,933	3,623	4,694
Basic manufactures	1,512	3,730	5,415	6,672	8,859
Machines, transport equipment	2,343	4,865	5,758	7,922	8,737
Miscellaneous manufactured goods	1,101	1,447	1,427	1,575	1,795

Sources: Asian Development Bank and General Statistics Office.

Figures for the above categories are unavailable after 2004. The 2007 Global Insight Report into Vietnam shows the top exports and imports by commodity for 2005 as follows:

Exports		**Imports**	
Category	*Million USD*	*Category*	*Million USD*
Crude petroleum	6,900	Petroleum refineries	4,200
Clothing	4,800	Textiles	3,600
Footwear	4,600	Iron and steel	3,200
Meat/dairy/fish	2,100	Synthetic resins	1,900
Furniture and fixtures	1,700	Special industrial machinery	1,800
Electrical industrial machinery	1,200	Machinery and equipment	1,300
Other food	1,100	Electrical industrial machinery	1,000
Other manufacturing	700	Fertilizers and pesticides	1,000
textiles	700	Engines and turbines	800
Leather and products	600	Non-ferrous metals	800

Source: Global Insight Report: Vietnam, May 2007

Appendix 4: Principal Trading Partners

The following tables list Vietnam's major trading partners between 1995 and 2005, based on the percentage of total exports and imports.

Exports

Country of Destination	*Value by Year, in Million USD*				
	1995	*2000*	*2003*	*2004*	*2005*
United States	169.7	732.8	3,938.6	5,024.8	5,930.6
Japan	1,461.0	2,575.2	2,908.6	3,542.1	4,411.2
People's Republic of China	361.9	1,536.4	1,883.1	1,884.7	2,961.0
Australia	55.4	1,272.5	1,420.9	1,884.7	2,570.2
Singapore	689.8	885.9	1,024.7	1,485.3	1,808.5
Germany	218.0	730.3	854.7	1,064.7	1,086.7
United Kingdom	74.7	479.4	754.8	1,010.3	1,015.8
Malaysia	110.6	413.9	453.8	624.3	949.3
Taiwan	439.4	756.6	746.2	890.6	936.2
Philippines	41.5	478.4	340.0	498.6	829.0

Source: Asian Development Bank.

Imports

Country of Origin	*Value by Year, in Million USD*				
	1995	*2000*	*2003*	*2004*	*2005*
People's Republic of China	329.7	1,401.1	3,138.6	4,595.1	5,778.9
Singapore	1,425.2	2,694.3	2,875.8	3,618.4	4,597.6
Taiwan	901.3	1,879.9	2,915.5	3,698.3	4,329.0
Japan	915.7	2,300.9	2,982.1	3,552.6	4,093.0
Korea, Rep.	1,253.6	1,753.6	2,625.4	3,359.4	3,600.5
Thailand	439.8	810.9	1,282.2	1,858.6	2,393.2
Malaysia	190.5	388.9	925.0	1,215.3	1,258.6
Hong Kong, China	419.0	598.1	990.9	1,074.3	1,235.8
Switzerland	74.6	103.9	292.3	686.8	893.4
United States	130.4	363.4	1,143.3	1,133.9	864.4

Source: Asian Development Bank.

Appendix 5: Depreciation Periods

The following are the minimum and maximum taxable depreciation periods for fixed assets used by joint ventures, 100%-foreign-owned enterprises, and foreign parties to business cooperation contracts (BCCs).

Category of Asset	*Depreciation Period (Years)*	
	Minimum	*Maximum*
Hotels and commercial center buildings	25	50
Used buildings	6	25
Dynamic machines	8	10
Power generators	7	10
Voltage-transfering equipment and voltage suppliers	7	10
Machine tools	7	10
Machines for exploitation and construction	5	8
Machines for agriculture and forestry	6	8
Other machinery and equipment (varies by type)	5	12
Transportation vehicles (varies by type)	6	30
Office equipment other than air conditioners (varies by type)	3	10

Appendix 6: Personal Income Tax Rates

In Vietnam, the income of individuals is classified as either regular or irregular income (see Section F.6, page 49). The following tables list the tax rates for the regular income of resident foreigners and Vietnamese citizens working abroad; and the regular income of Vietnamese employees. To calculate the tax for regular income, multiply the taxable income by the tax rate and subtract the bracket amount to adjust income tax for the lower progressive tax rate.

For the Regular Income of Resident Foreigners and Vietnamese Citizens Working Abroad

Tax Rates

Monthly Average Gross Taxable Income (GTI)		*Progressive Rate (%)*	*Income Tax Liability (VND)*
Exceeding (VND)	*Not Exceeding (VND)*		
	8,000,000	0	0
8,000,000	20,000,000	10	GTI x 0.1 - 800,000
20,000,000	50,000,000	20	GTI x 0.2 - 2,800,000
50,000,000	80,000,000	30	GTI x 0.3 - 7,800,000
80,000,000		40	GTI x 0.4 - 15,800,000

Grossing-up Formulas

Net Income (NI)		*Grossed-up Income (VND)*
Exceeding (VND)	*Not Exceeding (VND)*	
	8,000,000	NI
8,000,000	18,800,000	(NI - 800,000): 0.9
18,800,000	42,800,000	(NI - 2,800,000): 0.8
42,800,000	63,800,000	(NI - 7,800,000): 0.7
63,800,000		(NI - 15,800,000): 0.6

For the Regular Income of Vietnamese Citizens

Tax Rates

Monthly Average Gross Taxable Income (GTI)		*Progressive Rate (%)*	*Income Tax Liability (VND)*
Exceeding (VND)	*Not Exceeding (VND)*		
	5,000,000	0	0
5,000,000	15,000,000	10	GTI x 0.1 - 500,000
15,000,000	25,000,000	20	GTI x 0.2 - 2,000,000
25,000,000	40,000,000	30	GTI x 0.3 - 4,500,000
40,000,000		40	GTI x 0.4 - 8,500,000

Grossing-up Formulas

Net Income (NI)		*Grossed-up Income (VND)*
Exceeding (VND)	*Not Exceeding (VND)*	
	5,000,000	NI
5,000,000	14,000,000	(NI - 500,000): 0.9
14,000,000	22,000,000	(NI - 2,000,000): 0.8
22,000,000	32,500,000	(NI - 4,500,000): 0.7
32,500,000		(NI - 8,500,000): 0.6

Appendix 7: Double Taxation Agreements

The withholding tax rates under Vietnam's current double taxation agreements with various countries are listed in the following table. Dividends are no longer subject to withholding tax.

Country	*Interest (%)*	*Royalties (%)*
Australia	10	10
Bangladesh	15	15
Belarus	10	15
Belgium	10	15
Bulgaria	10	15
Canada	10	7.5/10
China	10	10
Cuba	10	10
Czech Republic	10	10
Denmark	10	5/15
Finland	10	10
France	– (a)	10
Germany	10	7.5/10
Hungary	10	10
Iceland	10	10
India	10	10
Indonesia	15	15
Italy	10	7.5/10
Japan	10	10
Laos	10	10
Luxembourg	10	10
Malaysia	10	10
Mongolia	10	10
Myanmar	10	10
Netherlands	10	5/10/15

Country	*Interest (%)*	*Royalties (%)*
Norway	10	10
Pakistan	15	15
Philippines	15	15
Poland	10	10/15
Romania	10	15
Russian Federation	10	15
Singapore	10	5/15
Korea	10	5/15
Spain	10	10
Sweden	10	5/15
Switzerland	10	10
Taiwan	10	15
Thailand	10/15	15
Ukraine	10	10
United Kingdom	10	10
Uzbekistan	10	15
Non-treaty countries	10	10

(a) The treaty with France does not cover the taxation of interest.

Where inconsistencies exist between the treaty and domestic laws, the domestic laws apply.

Vietnam has signed double taxation agreements with Algeria, Egypt, North Korea, Seychelles and Sri Lanka, but these have not yet been ratified.

Appendix 8: Demographic Statistics

The following tables show selected demographic statistics for Vietnam.

Average Population by Year

Population	*1990*	*1995*	*2000*	*2003*	*2004*	*2005*
Average population (million persons)	66.017	71.996	77.635	80.902	82.032	83.120
Annual growth rate (%)	1.92	1.65	1.36	1.47	1.4	1.2
Male population (% of total)	48.8	48.9	49.2	49.1	49.1	49.1
Female population (% of total)	51.2	51.1	50.8	50.9	50.9	50.9
Urban population (% of total)	19.5	20.7	24.2	25.8	26.5	27.0
Rural population (% of total)	80.5	79.3	75.8	74.2	73.5	73.0

Source: General Statistics Office

Average Population by Region

Area	*Million persons*					
	1995		*2000*		*2005*	
Whole country	**72.0**	*100.0%*	**77.6**	*100.0%*	**83.1**	*100.0%*
Red River Delta	16.1	*22.4%*	17.0	*21.9%*	18.0	*21.6%*
which includes:						
Ha Noi	2.4		2.7		3.1	
Hai Phong	1.6		1.7		1.8	
North East	8.4	*11.7%*	8.9	*11.5%*	9.4	*11.3%*
North West	2.1	*2.9%*	2.3	*2.9%*	2.6	*3.1%*
North Central Coast	9.6	*13.3%*	10.1	*13.0%*	10.6	*12.8%*
South Central Coast	6.2	*8.6%*	6.6	*8.5%*	7.0	*8.4%*
which includes:						
Da Nang	0.6		0.7		0.8	
Central Highlands	3.4	*4.7%*	4.2	*5.5%*	4.8	*5.7%*
which includes:						
Dak Lak	1.4		1.9		1.7	
South East	10.7	*14.9%*	12.1	*15.5%*	13.5	*16.2%*
which includes:						
Ho Chi Minh City	4.6		5.2		5.9	
Dong Nai Province	1.8		2.0		2.2	
Tay Ninh	0.9		1.0		1.0	
Binh Duong Province	0.6		0.7		0.9	
Ba Ria-Vung Tau	0.7		0.8		0.9	
Mekong River Delta	15.5	*21.6%*	16.3	*21.1%*	17.3	*20.8%*

Source of basic data: General Statistics Office

Appendix 9: Comparative Data: Vietnam and Selected Countries

The following tables show available comparative data for Vietnam and selected countries.

Country or Area	*Population*	*Surface Area*	*Population Density*	*Gross National Income*	*Gross National Income per Capita*	*PPP Gross National Income*[a]		*Gross Domestic Product Growth Rate*	
	millions	*thousand sq. km*	*people per sq. km*	*USD billions*	*US$*	*USD billions*	*USD per capita*	*% growth*	*per capita % growth*
	2004	*2004*	*2004*	*2004*[b]	*2004*[b]	*2004*	*2004*	*2003-04*	*2003-04*
Bangladesh	139	144	1,069	61.3	440	274	1,970	6.3	4.3
Cambodia	14	181	78	4.8	350	32[d]	2,310[d]	7.7	5.6
China	1,296	9,598[e]	139	1,938.0	1,500	7,634[f]	5,890[f]	10.1	9.4
Hong Kong, China	7	..	...	183.5	26,660	217	31,560	8.1	6.9
India	1,080	3,287	363	673.2	620	3,369[d]	3,120[d]	6.9	5.4
Indonesia	218	1,905	120	248.0	1,140	757	3,480	5.1	3.7
Japan	128	378	351	4,734.3	37,050	3,809	29,810	2.7	2.5
Korea, Rep.	48	99	487	673.1	14,000	987	20,530	4.6	4.1
Lao PDR	6	237	25	2.3	390	11	1,880	6.3	3.9
Malaysia	25	330	76	112.6	4,520	242	9,720	7.1	5.2
Mongolia	3	1,567	2	1.5	600	5	2,040	10.7	9.2
Myanmar	50	677	76	..	..[c]	..	..	..	..
Nepal	27	147	186	6.6	250	39	1,480	3.5	1.4
Pakistan	152	796	197	90.7	600	330	2,170	6.4	3.9
Philippines	82	300	274	95.1	1,170	404	4,950	6.1	4.2
Singapore	4	1	6,329	105.0	24,760	116	27,370	8.4	7.0
Sri Lanka	19	66	300	19.5	1,010	82	4,210	5.4	4.5
Thailand	64	513	125	158.4	2,490	505	7,930	6.2	5.3
Vietnam	82	332	252	44.6	540	222	2,700	7.7	6.6
World	**6,365**	**133,941**	**49**	**40,282.3**	**6,329**	**56,289**	**8,844**	**4.1**	**2.9**
East Asia & Pacific	**1,870**	**16,301**	**118**	**2,647.2**	**1,416**	**9,968**	**5,332**	**8.1**	
South Asia	**1,447**	**5,140**	**303**	**859.0**	**594**	**4,129**	**2,854**	**6.7**	**5.0**

a. PPP - purchasing power parity.
b. Calculated using the *World Bank Atlas* method.
c. Estimated to be low income ($765 or less).
d. The estimate is based on regression; others are extrapolated from the latest International Comparison Programme benchmark estimates.
e. Includes Taiwan, Macao and Hong Kong.
f. Estimate based on bilateral comparison between China and the United States (Ruoen and Kai 1995) employing a different methodoloy than that used for other countries

Basic data: World Bank Development Indicators 2006.

Country or Area	*Electric Power Consumption*	*Telephone Main Lines*	*Mobile Phones*	*Daily News-papers*	*Radios*	*Television*		*Personal Computers*	*Internet Users*
	per capita in kwh	*per 1,000 people*	*per 1,000 people*	*per 1,000 people*	*per 1,000 people*	*% of households*	*cable subscribers per 1,000 people*	*per 1,000 people*	*per 1,000 people*
	2003	***2004***	***2004***	***2000***	***2003***	***2004***	***2003***	***2004***	***2004***
Bangladesh	128	6	31	9	49	29	27.0	12.0	2
Cambodia	..	3	37	2	113	..	..	3.0	2
China	1379	241	258	59	339	91	75.0	41.0	73
Hong Kong, China	5,653	549	1,184	218	686	99	124.8	608.0	506
India	435	41	44	60	120	37	38.9	12.0	32
Indonesia	440	46	138	23	159	66	0.3	14.0	67
Japan	7,818	460	716	566	956	99	193.4	542.0	587
Korea, Rep.	7,018	542	761	393	1,034	93	282.2	545.0	657
Lao PDR	..	13	35	4	148	..	0.0	4.0	4
Malaysia	3,061	179	587	95	420	98	0.0	197.0	397
Myanmar	101	8	2	9	66	3	..	6.0	1
Nepal	68	15	7	12	39	..	..	4.0	7
Philippines	574	42	404	67	161	76	37.0	45.0	54
Singapore	7,977	440	910	273	672	98	84.5	763.0	571
Sri Lanka	325	51	114	29	215	32	0.3	27.0	14
Thailand	1,752	107	430	197	235	92	12.9	58.0	109
Vietnam	429	122	60	6	109	83	..	13.0	71
World	**2,456w**	**195w**	**281w**	**90**	**419**	**130**	**65.5**	**130.0**	**140**
East Asia & Pacific	**1184**	**191**	**244**	**60**	**287**	**38**	**70.1**	**38.0**	**74**

Basic data: World Bank Development Indicators 2006.

Appendix 10: Useful Addresses and Contact Information

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

Ministries and Other National Government Agencies

Immigration Department	89 Tran Hung Dao Street Hanoi Telephone: (4) 822-0579 254 Nguyen Trai Street, District 1 Ho Chi Minh City Telephone: (8) 920-1701, 824-4074 Facsimile: (8) 825-6829
Ministry of Agriculture and Rural Development *http://www.mard.gov.vn*	2 Ngoc Ha Street, Ba Dinh District Hanoi Telephone: (4) 846-8161, 843-6171 Facsimile: (4) 845-4319, 737-0752 135 Pasteur Street, District 3 Ho Chi Minh City Telephone: (8) 822-8471, 822-4106 Facsimile: (8) 822-4776, 823-8241
Ministry of Construction *http://www.moc.gov.vn*	37 Le Dai Hanh, Hai Ba Trung District Hanoi Telephone: (4) 976-0271 Facsimile: (4) 976-2153, 974-1709 14 Ky Dong, District 3 Ho Chi Minh City Telephone: (8) 843-8635, 846-8407 Facsimile: (8) 931-7152
Ministry of Culture and Information	51-53 Ngo Quyen, Hoan Kiem District

http://www.cinet.gov.vn	Hanoi Telephone: (4) 943-7610, 943-9915 Facsimile: (4) 943-9009 170 Nguyen Dinh Chieu, District 1 Ho Chi Minh City Telephone: (8) 930-6486, 930-3369 Facsimile: (8) 930-5237
Ministry of Defense	1A Hoang Dieu, Ba Dinh District Hanoi Telephone: (69) 882-041, 532-090
Ministry of Education and Training *http://www.edu.net.vn*	49 Dai Co Viet Street Hai Ba Trung District, Hanoi Telephone: (4) 869-2394, 869-4904, 869-4794 Facsimile: (4) 869-4085 3 Quoc Te Square, District 3 Ho Chi Minh City Telephone: (8) 823-9022, 829-0396, 829-5501 Facsimile: (8) 823-9021
Ministry of Finance *http://www.mof.gov.vn*	8 Phan Huy Chu, Hoan Kiem District Hanoi Telephone: (4) 933-3829, 971-9635 Facsimile: (4) 826-2266 138 Nguyen Thi Minh Khai, District 3 Ho Chi Minh City Telephone: (8) 930-3375, 930-5030, 930-3685 Facsimile: (8) 930-3375
Ministry of Foreign Affairs *http://www.mofa.gov.vn*	1 Ton That Dam, Ba Dinh District Hanoi

	Telephone: (4) 199-2000, 199-3000 Facsimile: (4) 823-1872
Ministry of Health *http://www.moh.gov.vn*	138A Giang Vo, Ba Dinh District Hanoi Telephone: (4) 844-3463, 846-4416, 846-4051 Facsimile: (4) 846-0196, 846-2195 51 Pham Ngoc Thach, District 3 Ho Chi Minh City Telephone: (8) 829-0433, 822-1382 Facsimile: (8) 822-3500
Ministry of Industry *http://www.moi.gov.vn*	54 Hai Ba Trung Hanoi Telephone: (4) 825-8311, 825-3831 Facsimile: (4) 826-5303 45 Tran Cao Van, District 3 Ho Chi Minh City Telephone: (8) 829-4631 Facsimile: (8) 824-3273
Ministry of Justice *http://www.moj.gov.vn*	56-58-60 Tran Phu, Ba Dinh District Hanoi Telephone: (4) 733-6213, 733-8068 Facsimile: (4) 843-1431 30 Tran Cao Van, District 3 Ho Chi Minh City Telephone: (8) 823-9046 Facsimile: (8) 829-9277
Ministry of Labor, War Invalids and Social Affairs *http://www.molisa.gov.vn*	12 Ngo Quyen Street Hoan Kiem District, Hanoi Telephone: (4) 826-4222, 826-9557 Facsimile: (4) 824-8036

	45 Pham Ngoc Thach, District 3 Ho Chi Minh City Telephone: (8) 823-0853 Facsimile: (8) 822-4115
Ministry of Marine Products *http://www.mofi.gov.vn*	10 Nguyen Cong Hoan Street Ba Dinh District, Hanoi Telephone: (4) 771-8817, 771-6269 Facsimile: (4) 771-6702 30 Ham Nghi, District 1 Ho Chi Minh City Telephone: (8) 829-4864 Facsimile: (8) 829-0067
Ministry of Planning and Investment *http://www.mpi.gov.vn*	2 Hoang Van Thu, Ba Dinh District Hanoi Telephone: (4) 845-5298 Facsimile: (4) 823-4453 289 Dien Bien Phu, District 3 Ho Chi Minh City Telephone: (8) 930-7083, 930-7850 Facsimile: (8) 930-7460
Ministry of Police *http://www.moha.gov.vn*	44 Yet Kieu, Hoan Kiem District Hanoi Telephone: (4) 694-2545 Facsimile: (4) 942-0223 258 Nguyen Trai, District 1 Ho Chi Minh City Telephone: (8) 837-5134 Facsimile: (8) 920-2065, 920-0961
Ministry of Science, Technology and	39 Tran Hung Dao Street Hanoi

Environment *http://www.most.gov.vn*	Telephone: (4) 943-9731, 943-9734 Facsimile: (4) 943-9733
Ministry of Natural Resources and Environment *http://www.monre.gov.vn*	83 Nguyen Chi Thanh Street Dong Da District, Hanoi Telephone: (4) 834-3911, 835-6419 Facsimile: (4) 835-9211, 835-2191 42 Mac Dinh Chi, District 1 Ho Chi Minh City Telephone: (8) 827-4987 Facsimile: (8) 825-8365
Ministry of Trade *http://www.mot.gov.vn*	31 Trang Tien, Hoan Kiem District Hanoi Telephone: (4) 826-4693 Facsimile: (4) 826-4696 35-37 Ben Chuong Duong, District 1 Ho Chi Minh City Telephone: (8) 829-0398, 829-2792 Facsimile: (8) 829-1011
Ministry of Transport *http://www.mt.gov.vn*	80 Tran Hung Dao Street Hoan Kiem District, Hanoi Telephone: (4) 942-4015 Facsimile: (4) 942-3291 92 Nam Ky Khoi Nghia, District 1 Ho Chi Minh City Telephone: (8) 829-5939, 821-8383 Facsimile: (8) 822-4120
Ministry of Posts and Telecommunications *http://www.mpt.gov.vn*	18 Nguyen Du Hanoi Telephone: (4) 943-1367, 943-7004 Facsimile: (4) 943-6736

	27 Nguyen Binh Khiem, District 1 Ho Chi Minh City Telephone: (8) 823-5404 Facsimile: (8) 822-2988
Office of Government	1 Hoang Hoa Tham, Ba Dinh District Hanoi Telephone: (80) 43100, 43569 Facsimile: (80) 44130 7 Le Duan, District 1 Ho Chi Minh City Telephone: (8) 825-1763
Department of Planning and Investment of HCMC (handles applications regarding foreign investment under USD 10 million) *http://www.dpi.hochiminhcity.gov.vn*	32 Le Thanh Ton Street, District 1 Ho Chi Minh City Telephone: (8) 829-0115 Facsimile: (8) 829-0817 E-mail: *skhdt@tphcm.gov.vn*
State Bank of Vietnam *http://www.sbv.gov.vn*	49 Ly Thai To, Hoan Kiem District Hanoi Telephone: (4) 824-1534 17 Ben Chuong Duong, District 1 Ho Chi Minh City Telephone: (8) 829-2157, 829-2158

Government Offices

Central Overseas Vietnamese Committee Facsimile: (4) 824 0403	32 Ba Trieu Hanoi Telephone: (4) 824-0401 147 Nguyen Dinh Chieu, District 3 Ho Chi Minh City Telephone: (8) 930-3063 Facsimile: (8) 930-6737

Vietnam Chamber of Commerce and Industry *http://www.vcci.com.vn*	9 Dao Duy Anh, Dong Da District Hanoi Telephone: (4) 574-2022 Facsimile: (4) 574-2020, 574-2017 171 Vo Thi Sau, District 3 Ho Chi Minh City Telephone: (8) 932-5143, 932-5171 Facsimile: (8) 932-5143, 932-5281 256 Tran Phu Da Nang Telephone: (511) 562-538 Facsimile: (511) 822-930 10 Dien Tien Hoang Hai Phong Telephone: (31) 842-894 Facsimile: (31) 842-243 44 Nguyen Thi Minh Khai Khanh Hoa Telephone: (58) 521-571 747 Ba Trieu, Truong Thi Nghe An Telephone: (38) 754-640 155 Nguyen Thai Hoc Vung Tau Telephone: (64) 570-266 Facsimile: (64) 859-651
General Department of Civil Aviation of Vietnam *http://www.vietnamair.com.vn*	Gia Lam Airport Hanoi Telephone: (4) 827-2126 Facsimile: (4) 827-1933

	Tan Son Nhat Airport Ho Chi Minh City Telephone: (8) 848-8689
General Department of Customs *http://www.customs.gov.vn*	159 Ba Trieu Hanoi Telephone: (4) 976-3135 Facsimile: (4) 872-5905 15B Thi Sach, District 1 Ho Chi Minh City Telephone: (8) 823-3536
General Department of Land Administration	Lang Trung Street Hanoi Telephone: (4) 834-3309, 834-3914 Facsimile: (4) 835-2191
General Department of Post and Telecommunications	18 Nguyen Du Hanoi Telephone: (4) 825-4329 Facsimile: (4) 822-8869
Directorate for Standards and Quality *http://www.tcvn.gov.vn*	8 Hoang Quoc Viet Street Cau Giay District, Hanoi Telephone: (4) 791-1602 Facsimile: (4) 756-6853 49 Pasteur, District 1 Ho Chi Minh City Telephone: (8) 822-2872 Facsimile: (8) 829-3012
General Department of Tourism *http://www.vietnamtourism.gov.vn*	80 Quan Su Street Hanoi Telephone: (4) 942-3998 Facsimile: (4) 942-4115 140 Nguyen Dinh Chieu, District 3 Ho Chi Minh City Telephone: (8) 824-2903 Facsimile: (8) 829-3056

General Statistics Office *http://www.gso.gov.vn*	2 Hoang Van Thu Street Ba Dinh District, Hanoi Telephone: (4) 843-2772 Facsimile: (4) 733-3846 29 Han Thuyen, District 1 Ho Chi Minh City Telephone: (8) 829-9847 Facsimile: (8) 824-4734
Investment and Foreign Trade Development Association of Ho Chi Minh City	92-96 Nguyen Hue, District 1 Ho Chi Minh City Telephone: (8) 823-1530 Facsimile: (8) 823-0993
State Securities Commission of Vietnam *http://www.ssc.gov.vn*	164 Tran Quang Khai Hanoi Telephone: (4) 934-0750 Facsimile: (4) 934-0739 1 Nam Ky Khoi Nghia, District 1 Ho Co Minh City Telephone: (8) 821-1412 Facsimile: (8) 821-4623
State Auditing (National audit office) *http://www.kiemtoannn.gov.vn*	111 Tran Duy Hung Street Cau Giay District, Hanoi Telephone: (4) 556-6211, 556-5786 Facsimile: (4) 556-6029 37 Phan Dang Luu, Phu Nhuan District Ho Chi Minh City Telephone: (8) 803-0662 Facsimile: (8) 803-0659
Vietnam News Agency	79 Ly Thuong Kiet

http://www.vnanet.vn	Hanoi Telephone: (4) 825-5433, 825-2931 Facsimile: (4) 825-2984 120 Nguyen Thi Minh Khai, District 3 Ho Chi Minh City Telephone: (8) 930-3921, 933-0757 Facsimile: (8) 933-0086
Vietnam Oil and Gas Corporation (Petrovietnam) *http://www.petrovietnam.com.vn*	22 Ngo Quyen, Hoan Kiem District Hanoi Telephone: (4) 824-9130, 825-2526 Facsimile: (4) 826-5942
Vietnam Social Insurance	7 Trang Thi Hanoi Telephone: (4) 934-4165, 936-1749 7 Le Duan, District 1 Ho Chi Minh City Telephone: (8) 824-4164 Facsimile: (8) 824-4164
Vietnam Television *http://www.vtv.org.vn*	43 Nguyen Chi Thanh Hanoi Telephone: (4) 822-4403, 822-3422 Facsimile: (4) 934-4169
Vietnam Trade Information Center	45 Ngo Quyen, Hoan Kiem District Hanoi Telephone: (4) 824-5366 Facsimile: (8) 934-9177 173 Hai Ba Trung, District 3 Ho Chi Minh City Telephone: (8) 823-7217, 823-7316 Facsimile: (8) 822-8756

Voice of Vietnam *http://www.vov.org.vn*	58 Quan Su Hanoi Telephone: (4) 934-4231 Facsimile: (8) 934-4230 E-mail: *vovnews@hn.vnn.vn*

People's Committees

Hanoi *http://www.hanoi.gov.vn*	12 Le Lai, Hoan Kiem District Hanoi Telephone: (4) 825-3536 Facsimile: (4) 824-3126
Ho Chi Minh City *http://www.hochiminhcity.gov.vn*	86 Le Thanh Ton, District 1 Ho Chi Minh City Telephone: (8) 822-6191, 825-0028 Facsimile: (8) 829-6116, 827-5564
Ba Ria-Vung Tau Province *http://www.baria-vungtau.gov.vn*	26 Thong Nhat Vung Tau Telephone: (64) 851-737, 510-918, 852-641 Facsimile: (64) 852-324
Binh Duong Province *http://www.binhduong.gov.vn*	1 Quang Trung Thu Dau Mot Telephone: (650) 858-221 Facsimile: (650) 822-174
Can Tho Province *http://www.cantho.gov.vn*	2 Hoa Binh, Ninh Kieu District Can Tho Telephone: (71) 836-800 Facsimile: (71) 711-82
Da Nang *http://www.danang.gov.vn*	42 Bach Dang Da Nang Telephone: (511) 821-339, 822-527 Facsimile: (511) 821-286

Dong Nai *http://www.dongnai.gov.vn*	2 Nguyen Van Tri Bien Hoa Telephone: (61) 942-566 Facsimile: (61) 823-854
Hai Phong City *http://www.haiphong.gov.vn*	18 Hoang Dieu Hai Phong Telephone: (31) 821-055 Facsimile: (31) 747-352
Quang Nam Province *http://www.quangnam.gov.vn*	62 Hung Vuong, Tam Ky Town Quang Nam Telephone: (510) 811-910, 852-744 Facsimile: (510) 852-748
Tien Giang Province *http://www.tiengiang.gov.vn*	23 30 Thang 4 Street My Tho Telephone: (73) 885-130, 873-153 Facsimile: (73) 873-680

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