

Investment Climate Statement **Vietnam**

August 2025

Mizuho Bank, Ltd.
Global Strategic Advisory Department

Mizuho Research & Technologies, Ltd.
Research Division

MIZUHO

I. Country Profile

II. Investment-related Information

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IV. Regulations, Incentives, Reference Information

V. Other

I. Country Profile

I-1. Key Economic Indicators for Asia

Country/Region	Vietnam	Japan	China	Taiwan	South Korea	Singapore
Population (millions)	101.3	123.9	1,408.3	23.4	51.8	6.0
Nominal GDP (USD Billion)	4,595	40,262	187,480	7,824	18,697	5,474
Real GDP growth rate (annual, %)	7.1	0.1	5.0	4.3	2.0	4.4
GDP per capita (USD)	4,536	32,498	13,313	33,437	36,129	90,674
Estimated GDP growth rate (2025, %)	5.2	0.6	4.0	2.9	1.0	2.0
Credit rating (S&P) as of Mar 2025	BB+	A+	A+	AA+	AA	AAA
Country/Region	India	Thailand	Malaysia	Indonesia	The Philippines	Cambodia
Population (millions)	1,441.7	70.3	33.5	281.6	113.2	17.2
Nominal GDP (USD Billion)	39,091	5,264	4,196	13,963	4,616	473
Real GDP growth rate (annual, %)	6.5	2.5	5.1	5.0	5.7	6.0
GDP per capita (USD)	2,711	7,492	12,541	4,958	4,079	2,755
Estimated GDP growth rate (2025, %)	6.2	1.8	4.1	4.7	5.5	4.0
Credit rating (S&P) as of Mar 2025	BBB-	BBB+	A-	BBB	BBB+	n.a.

Source: Compiled by the Global Strategic Advisory Department of Mizuho Bank, Ltd., based on the IMF's World Economic Outlook Database, March 2024 Edition and S&P website
 *Data are as of 2024; 2025 GDP growth and italicized data are estimated by the IMF. Data for Vietnam are figures compiled based on the IMF's World Economic Outlook Database April 2025 Edition.

S&P rating criteria:

A: An obligor rated "A" has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

BBB: An obligor rated "BBB" has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

BB : An obligor rated "BB" is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitments

* S&P credit rating as of March 2025

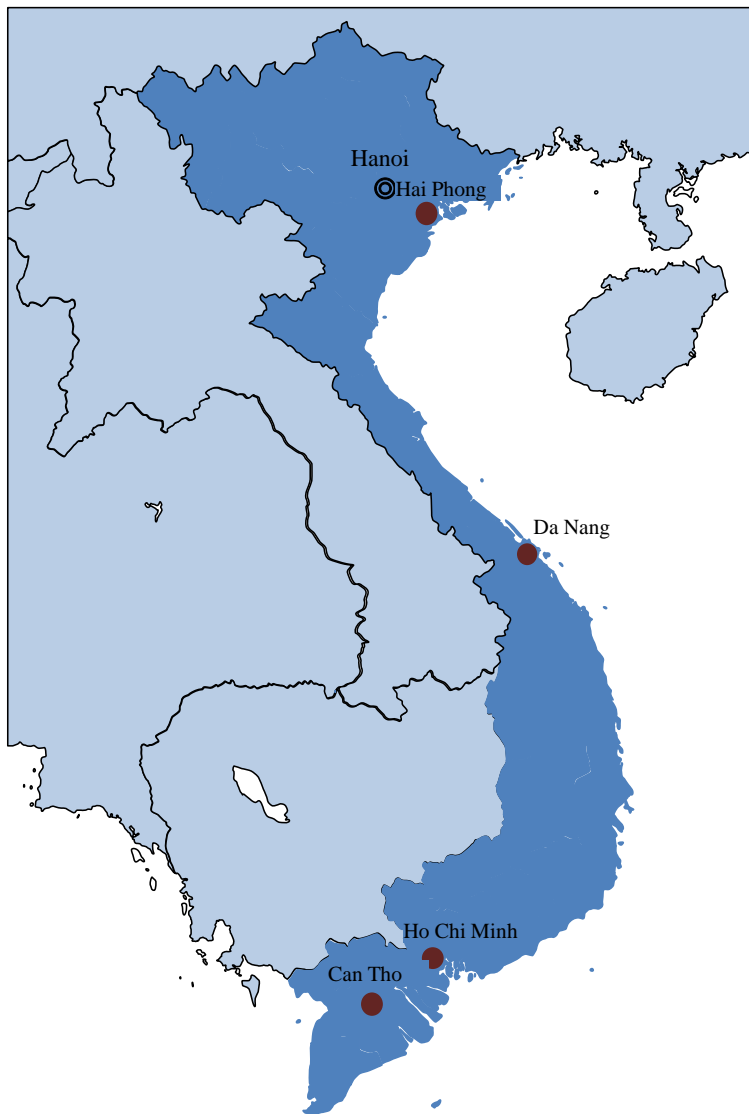
I-2. Basic Data and Overview

Basic Data on Vietnam

Population	101 million persons (Approx. 80% of Japan, as of 2025 April, IMF)
Square area	Approx. 329,000 million km ² (same as Malaysia or 93% of Germany)
Capital	Hanoi
Language	Vietnamese
Ethnicities	54 ethnic groups, of which 90% are Kinh
Religions	Buddhism (~80% of the population), Catholicism, etc.
Currency	Vietnam dong (VND) ※VND1,000=JPY 5.7 (as of 2025 April)
Politics	Socialist republic, single-party authoritarian system by Communist Party
GDP	Nominal: USD 4,595billion Per capita: USD4,536billion (As of April 2024, IMF)
Real GDP growth rate	7.10% (2024, General Statistics Office of Vietnam)
Major industries	Manufacturing, agriculture, wholesale, retail, etc.

Overview of Vietnam

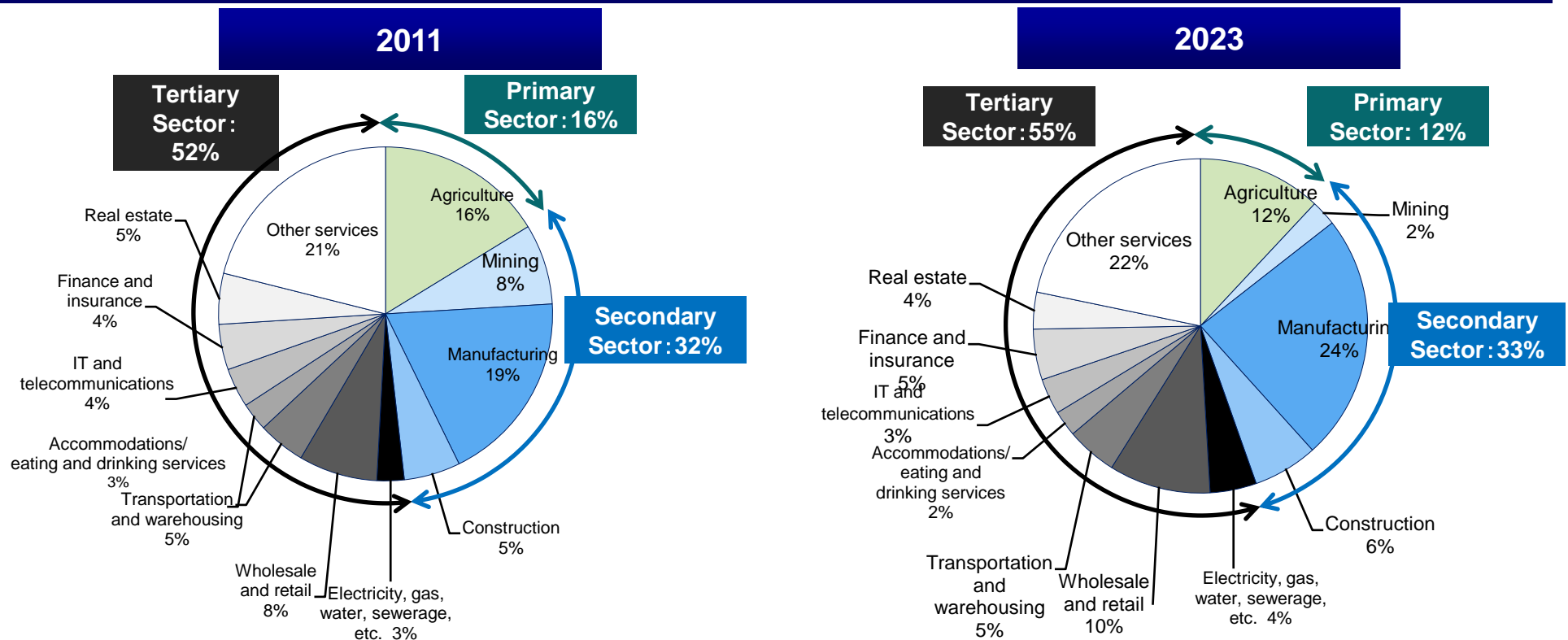
- Vietnam experienced more than 1,000 years of Chinese rule from before the Common Era but became independent in 938 with the establishment of the Wu Dynasty. After a period of domination and interference by successive Chinese dynasties, France, and Japan, Vietnam gained independence in 1945 as the Democratic Republic of Vietnam. The country then went through a period of war, including the Indochina Wars and the Vietnam War, but in 1976 the North and South were finally unified to form the Socialist Republic of Vietnam. Vietnam has pursued a policy of *doi moi* ("renewal") since 1986, and foreign direct investment has steadily increased since the 2000s. The country joined the World Trade Organization (WTO) in 2007 and became a middle-income country in 2010.
- Vietnam's strengths are fertile soil, abundant resources such as marine resources, minerals, and oil fields, a stable social structure, and a high-quality labor force.
- Despite the impact of the COVID-19 pandemic, GDP growth remained positive in 2020 and 2021 (2.9% in 2020 and 2.6% in 2021). In 2024, Vietnam recorded strong economic growth of 7.1%, the highest among ASEAN countries.
- Diplomatic relations with the U.S. and Japan were upgraded to a Comprehensive Strategic Partnership in 2023. Vietnam accepts investments from all over the world while keeping good distance from the U.S., China, and other related countries.
- Domestic demand has also been growing remarkably in recent years, and investments targeting the Vietnamese market are also increasing.



I-3. Economic Structure (Industry/Trade) (1): Industrial Structure

- Primary industry, once a large contributor to GDP, has declined to 12% of GDP, as of 2023.
- Owing to steady increase in foreign investment, manufacturing industry became the main economic driving force, accounting for almost 30% of total GDP.
- In recent years, foreign investment in the service sector targeting at the domestic demand has been also on the rise, leading to the fact that of service sector as a share of GDP is on the upward trends

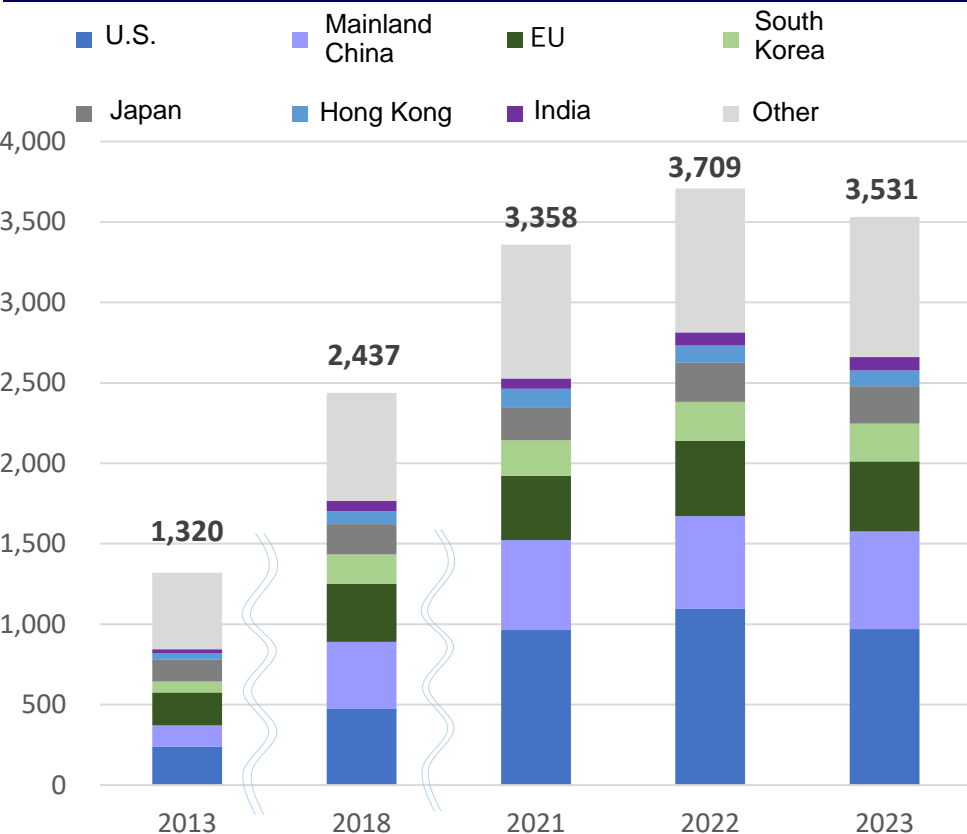
GDP Composition by Industry (2011 vs 2023)



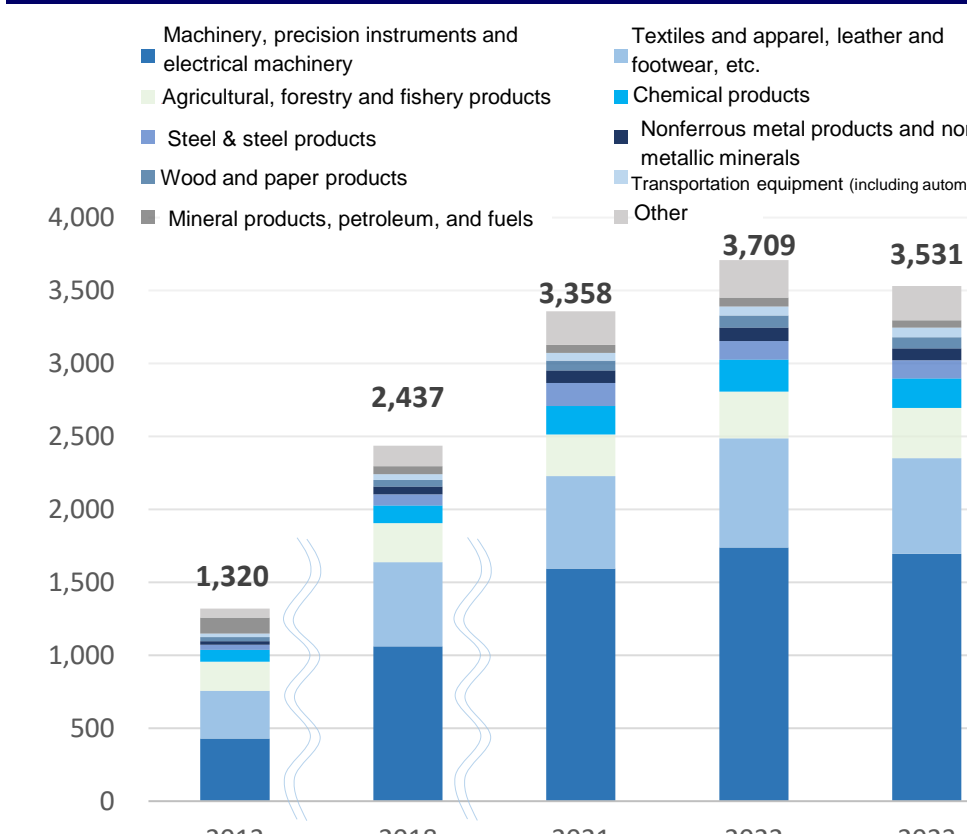
I-3. Economic Structure (Industry/Trade) (2): Trend of Export Values of Vietnam

- Vietnam's major export destinations include the U.S., China (mainland), South Korea, and Japan, with total exports having increased significantly over the past 10 years. Although, due to global economic slowdown, export value in 2023 declined from the previous year, the first decrease in 14 years compared to the previous year, it rebounded in 2024, surpassing USD 400 billion for the first time.
- Although "textiles and apparel, leather and footwear, etc." accounted for a significant share of exports in 2013, "machinery, precision instruments, and electrical machinery" (especially smartphone and integrated circuit-related components) have led the growth in export value recently. As noted on pages 8, the raw materials for these export items are imported from countries such as China, Korea, and Vietnam has developed as a base for assembly and processing

Trend of export value by region/country (USD 100 million)



Trend of export value by product category (USD 100 million)

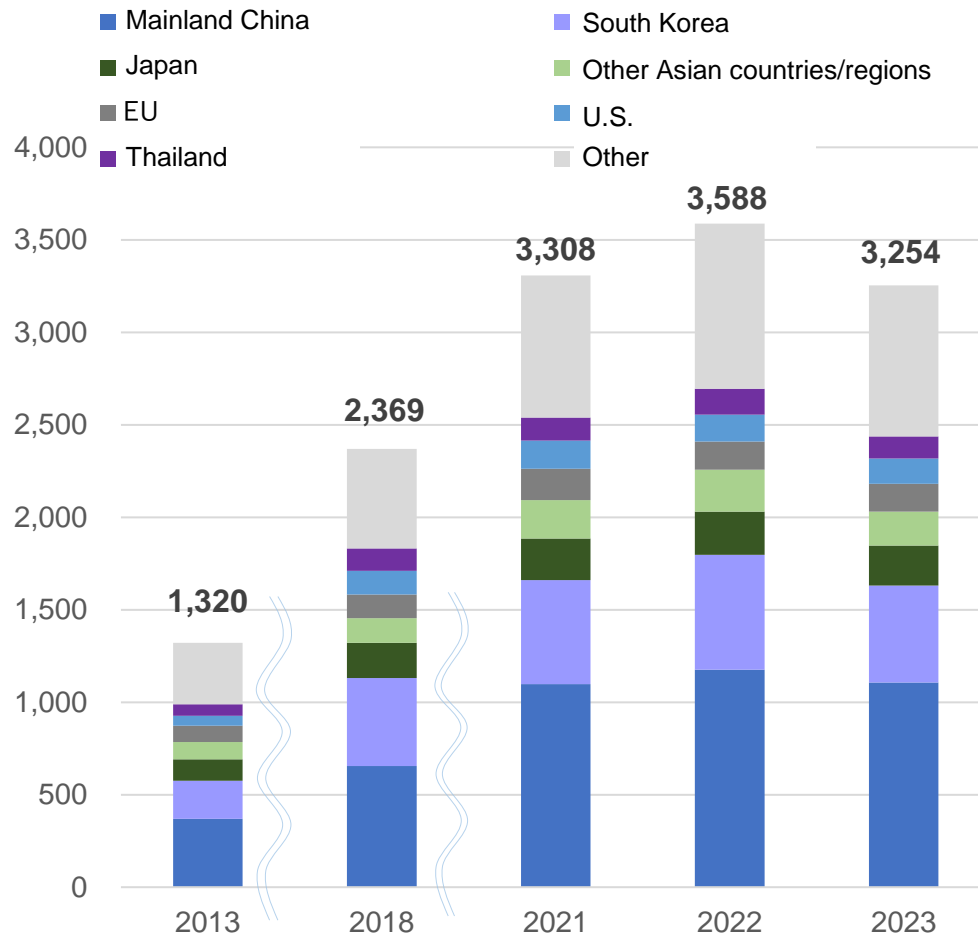


Note: "Other Asian countries/regions" refers to the combined trade value of countries/regions that are not individually aggregated in the source data, including Taiwan.
Export item classification is based on the aggregation of the two-digit HS code classification.

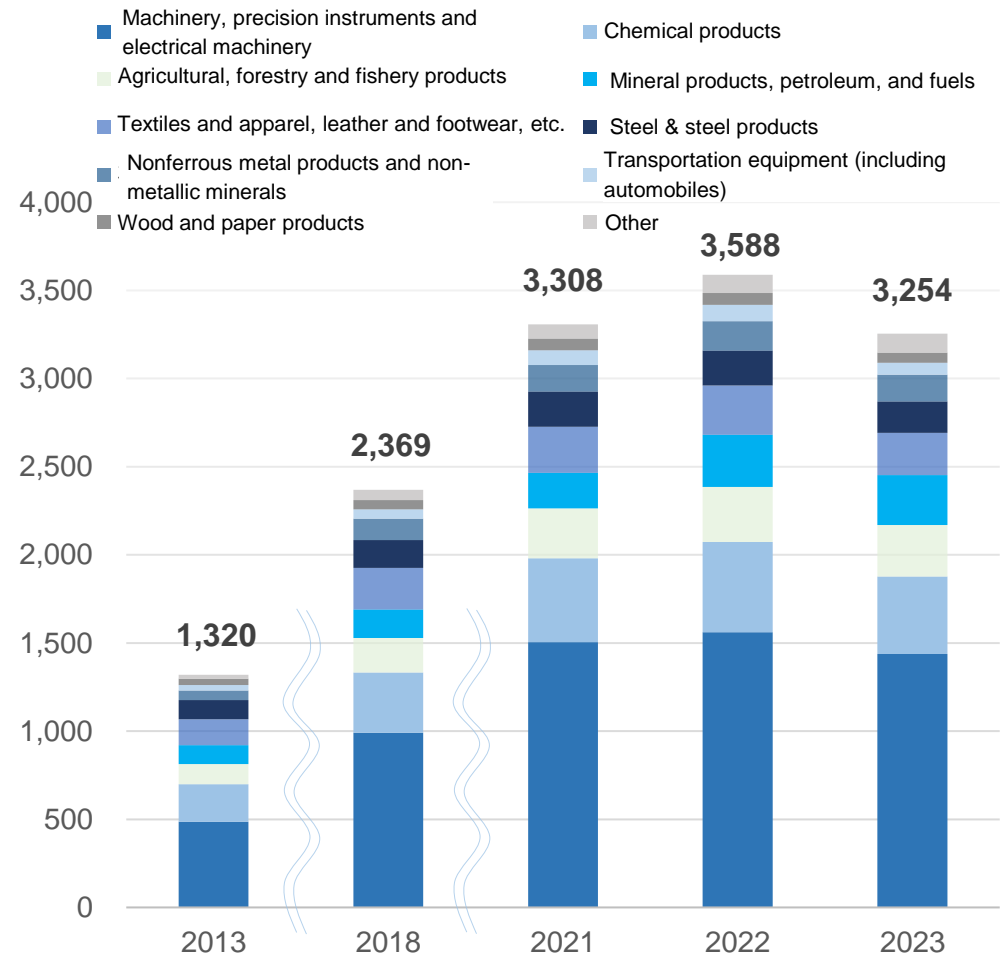
I-3. Economic Structure (Industry/Trade) (3): Trend of Import Values of Vietnam

- Total import value has also expanded sharply in the last decade, with imports from China (mainland) rapidly increasing.
- The U.S. had the third-largest trade deficit with Vietnam. Although a plan was announced to agree on a reciprocal tariff of 20%, down from the originally proposed 46%, relations with the U.S. will remain unpredictable.

Trend of import value by region/country (USD 100 million)



Trend of import value by product category (USD 100 million)



I-4. Economic and Industry Characteristics

- Manufacturing industry: While growth is continuously driven by foreign investment, many of the materials used in production are imported, posing a challenge to foster supporting industries in the country. The country continues to attract attention as a base for China Plus One, and direct investment from China also increased in 2023.
- Construction and real estate: Real estate experienced downturn due to fund raising difficulty amid investors' concerns over corporate bond issuance misconduct.
- Retail: Foreign investment still on upward trend on the background of remarkable growth in GDP per capita.

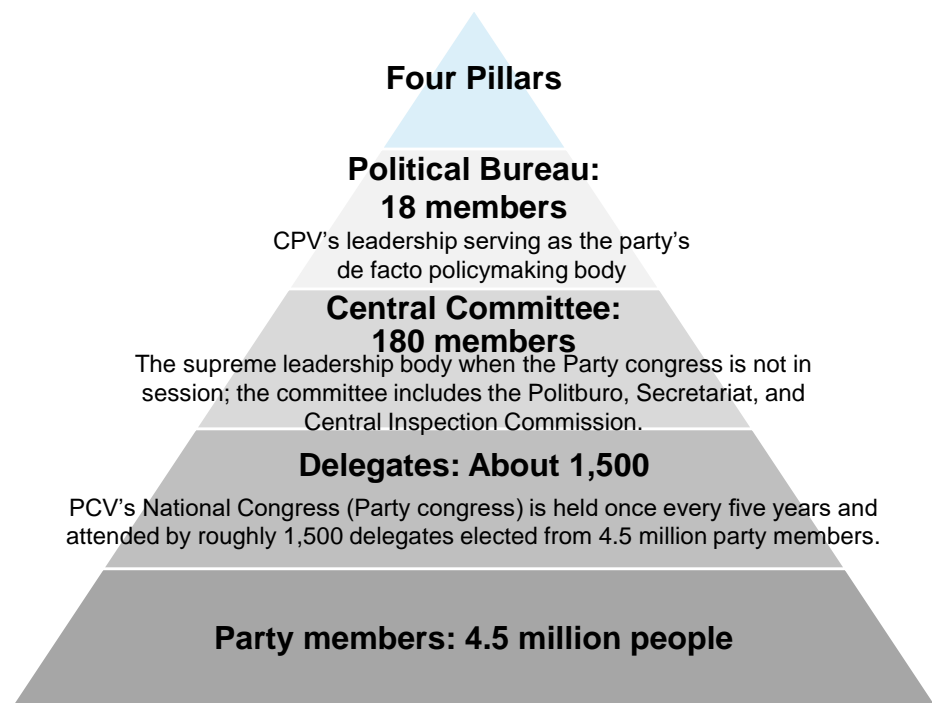
Major Industries' Characteristics and Trends

	Manufacturing	Construction and real estate	Retail
Features	<ul style="list-style-type: none"> ✓ Compared to neighboring countries, Vietnam offers low wages, abundance of hardworking human resources, and stable socio-politic environment; which are attractive for many companies considering to set up manufacturing hubs ✓ Major foreign investors in Vietnam highlighted names of not only Japanese companies but also South Korea, China, Taiwan, and Hongkong ✓ Samsung established cell phone and home appliance plants, posing a strong presence in the country 	<ul style="list-style-type: none"> ✓ This sector comprises approximately 7% of Vietnam's GDP, and it is steadily expanding in line with Vietnam's economic growth ✓ Foreign companies' entry into Vietnam remains robust, leading to subsequent demand for plants and offices construction 	<ul style="list-style-type: none"> ✓ Despite modern (MT) has gradually developed in recent years, as of 2021, traditional trade (TT) still accounted for more than 80% ✓ 100% foreign capital has been legally allowed to enter the market since 2009, and the economic needs test for multi-branch development was abolished in January 2024. However, the test is still required for practical reasons.
Recent Trends	<ul style="list-style-type: none"> ✓ As GDP per capita is growing, there are an increasing number of companies targeting at domestic demand with aim to sell products manufactured in Vietnam within the country ✓ VinFast, a subsidiary of Vin Group, the largest conglomerate in Vietnam that manufactures automobiles, invested its management resources in EVs starting in 2022 and was listed on the NASDAQ in 2023. 	<ul style="list-style-type: none"> ✓ Since March 2022, there were a number of arrests aligned with stock price manipulation and misconducts in bond issuance among major developers. Investigations are still ongoing in 2025, and the future remains uncertain. However, these companies are increasingly resuming operations. ✓ Thus, banks tightened conditions for credit extension and underwriting, which affected the whole industry since many developers have been unable to raise funds. 	<ul style="list-style-type: none"> ✓ Retail sales for the full year of 2024 (estimated value) recorded solid growth of 8.3% y-o-y. ✓ The number of MT outlets such as department stores, shopping malls, and convenience stores is increasing, and foreign-affiliated companies are entering the market one after another, especially in Ho Chi Minh City and Hanoi.

I-5. Political Situation

- Vietnam adopts a socialist republic system under the one-party sole leadership of the Communist Party and promoting the market economy with various reforms lead by the Party's Political Bureau.
- The country is officially lead by "Four Pillars", including the General Secretary of the Communist Party at highest position, followed by the President, the Prime Minister, and the Chairman of the National Assembly. These top positions are determined every five years at the Party congress, which the next is scheduled in 2026.
- In January 2023, President Nguyen Xuan Phuc resigned so as to take responsibility for a corruption case involving a high-ranking government official. Then, in February 2024, his successor, President Vo Van Thuong, resigned, followed in April by the resignation of Vuong Dinh Hue, Chairman of the National Assembly (the fourth post in the party). In May, Truong Thi Mai, Permanent Member of the Secretariat, the post after the "Four Pillars" in the Communist Party, also resigned.
- In July 2024, Nguyen Phu Trong, who had served as General Secretary for three consecutive terms, passed away. In August 2024, President To Lam, who became interim General Secretary following Trong's death, was officially elected General Secretary at an extraordinary meeting of the Central Committee of the Communist Party of Vietnam (CPV). In October 2024, Luong Cuong, a Permanent Member of the Secretariat, assumed office as President. With these appointments, the country returned to the "Four Pillars" system.

Composition of the Communist Party of Vietnam (CPV)



Vietnam's key posts and incumbents

General Secretary: To Lam

- YOB: 1957
- Birthplace: Hung Yen Province (North)
- Previous Positions: Minister of Public Security (until May 2024); President (from May to October 2024)

President: Luong Cuong

- YOB: 1957
- Birthplace: Phu Tho Province (North)
- Previous Positions: Chief of the General Department of Politics under the People's Army of Vietnam (until May 2024); Permanent Member of the CPV's Secretariat (from May to October 2024)

-Prime Minister: Pham Minh Chinh

- YOB: 1958
- Birthplace: Thanh Hoa Province (North Central)
- Previous Position: 2nd term as head of the Central Organization Commission (~2021/Jan)

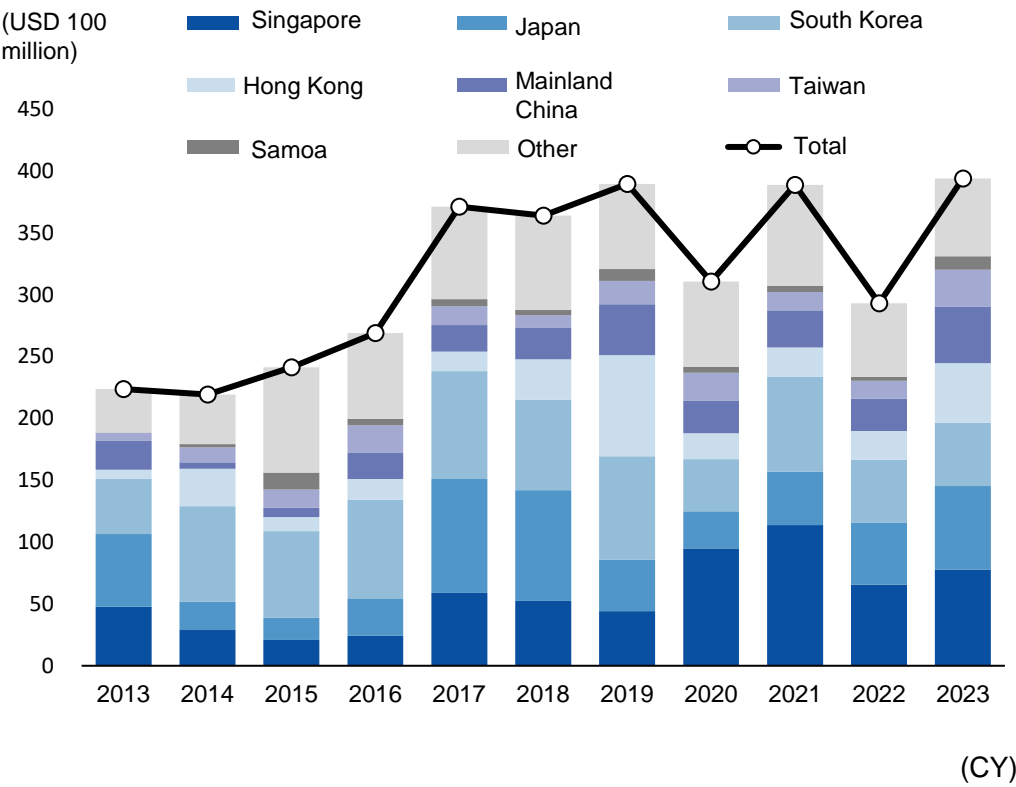
-Chairman of the National Assembly Tran Thanh Man

- YOB: 1962
- Birthplace: Hau Giang (South)
- Previous Position: Vice-Chairman of the National Assembly (Succeeded the resigned Chairman Hue in May 2024)

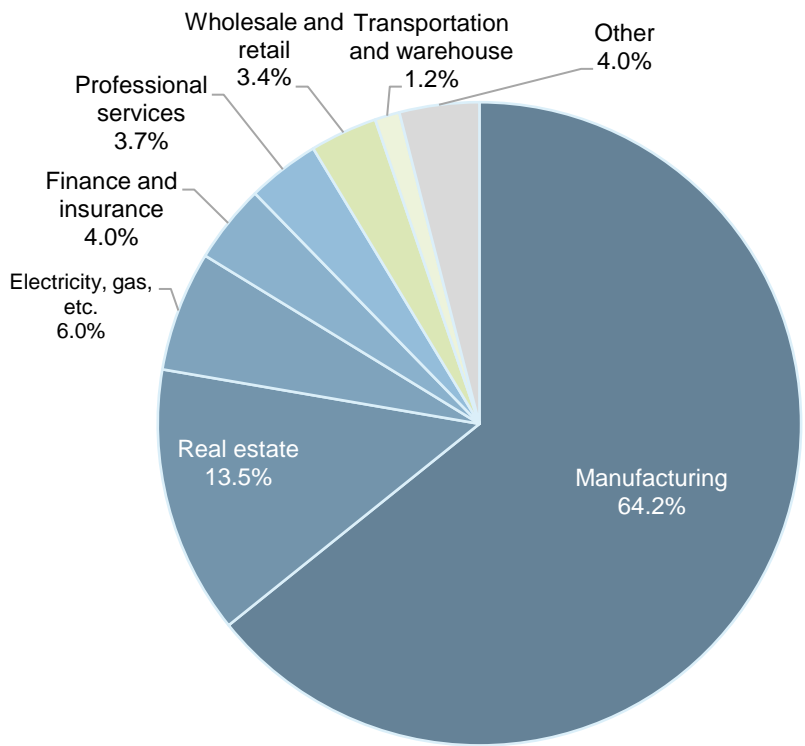
I-6. Direct Investment Trends: Inward Investment (1)

- FDI inflows have generally remained strong, exceeding US\$30 billion since 2017, with a dip in 2020 due to the impact of COVID-19. The major investor countries/regions are Singapore, South Korea, Japan, etc. Since 2019, there have been investment inflows from Chinese and Hong Kong companies as they seek to rebuild their supply chains amid strained relations between the U.S. and China. In 2023, there were a number of large investment projects from China, Taiwan, and South Korea in the electronic devices and modules manufacturing sector.
- By industry, manufacturing is the largest, followed by real estate, electricity and gas, and other industries.

Direct Investment Flow (trends by country/region)



Breakdown of Direct Investment Flow by Industry (2024)



I-6. Direct Investment Trends: Inward Investment (2) (Detailed 2024 Data by Country/Region)

- In 2024, Singapore was ranked first in terms of approved investment value, accounting for about 30% of the total. (It appears that a large proportion of this comes from regional headquarters.) Investment from Singapore includes the expansion of a memory plant by Amkor Technology, a U.S.-based outsourcing provider for semiconductor assembly and testing processes (USD1.07 billion).
- Large-scale investment from Japan: AEON MALL's new investment (Quang Ninh Province [north] and Thanh Hoa Province [central]) and chemical plant investment by Tosoh, a major chemical manufacturer (Ba Ria Vung Tau Province [south]) (Both investment projects are valued at around USD 0.17 billion.)

FDI approval by country/region (2024)

(USD million)

Country/region		New investment		Additional investment		Capital contribution/ stock acquisition		Total	
		# of projects	Value	# of projects	Value	# of projects	Value	# of projects	Value
1	Singapore	462	6,260.1	182	2,691.2	343	1,256.0	987	10,207.3
2	South Korea	410	2,886.3	351	3,902.6	883	268.5	1,644	7,057.4
3	China	955	2,843.0	230	1,130.5	512	758.6	1,697	4,732.1
4	Hong Kong	379	2,170.5	175	2,064.6	93	112.4	647	4,347.5
5	Japan	270	1,776.3	174	800.7	227	925.1	671	3,502.1
6	Taiwan	187	1,121.8	116	713.9	287	248.9	590	2,084.6
7	Cayman Islands	4	34.5	4	1,002.3	19	194.7	27	1,231.5
8	Samoa	45	460.8	34	339.0	22	55.8	101	855.6
9	Turkey	7	731.3	2	31.6	8	0.6	17	763.5
10	British Virgin Islands	17	219.3	29	217.5	16	149.5	62	586.3
Other		639	1,227.3	242	1,063.1	1,092	568.0	1,973	2,858.4
Total		3,375	19,731.1	1,539	13,957.0	3,502	4,538.1	8,416	38,226.2

I-6. Direct Investment Trends: Inward Investment (3) (Detailed 2024 Data by Industry)

- Regarding FDI by industry in 2024, the processing and manufacturing industry recorded the highest value in both new and additional investments. Investment projects in the electric and electronic sectors, such as the expansion of organic EL display production by LG Electronics of South Korea (Hai Phong City [north]; US\$1 billion), have driven investment in the manufacturing industry.
- The wholesale and retail industry recorded the highest number of new investments and capital contributions/stock acquisitions. Companies aiming to capture domestic demand have been entering in the market in increasing numbers.

FDI approval by industry (2024)

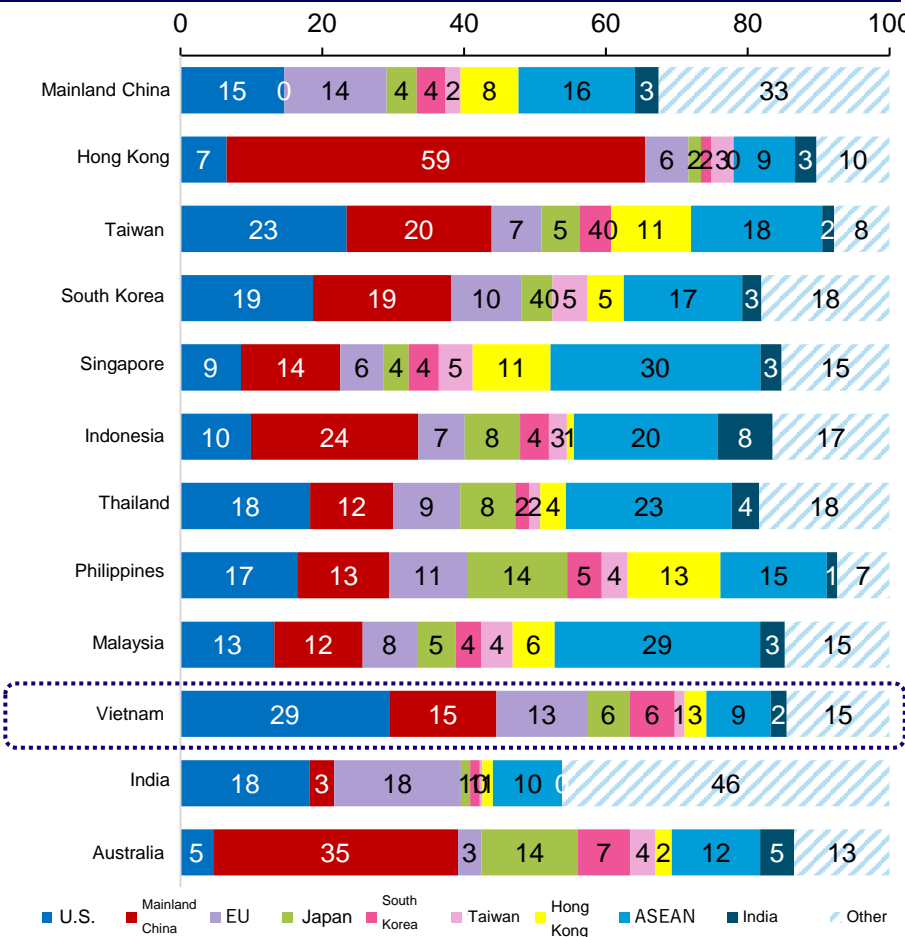
(USD million)

Industry		New investment		Additional investment		Capital contribution/ stock acquisition		Total	
		# of projects	Value	# of projects	Value	# of projects	Value	# of projects	Value
1	Processing and manufacturing	1,169	13,436.8	982	11,244.8	555	896.6	2,706	25,578.2
2	Real estate	81	3,716.6	54	1,374.9	83	1,218.0	218	6,309.5
3	Electricity, gas, and water and sewerage	4	1,023.7	5	258.0	13	139.8	22	1,421.5
4	Wholesale and retail	1,172	833.1	190	219.7	1,432	354.7	2,794	1,407.5
5	Technical professional services	364	121.8	94	378.9	565	768.1	1,023	1,268.8
6	Construction	52	43.4	39	56.8	75	542.6	166	642.8
7	Transportation and warehouse	115	341.2	33	92.6	142	54.0	290	487.8
8	Other services	235	38.0	69	115.4	242	128.3	546	281.7
9	Telecommunications	9	4.8	3	163.0	14	1.7	26	169.5
10	Finance	69	43.1	27	17.5	79	99.8	175	160.4
Other		105	128.7	43	35.5	302	334.4	450	498.6
Total		3,375	19,731.1	1,539	13,957.0	3,502	4,528.1	8,416	38,226.2

I-7. Impact of Trump Tariffs

- Vietnam is one of the countries with a large trade surplus with the U.S. and has been strongly urged by the Trump administration to reduce this surplus.
- Vietnam will prioritize negotiations with the U.S., given its importance as a trade partner. At the same time, Vietnam will strive to diversify trade relationships by strengthening economic ties with the EU, which has signed an FTA with Vietnam, as well as Middle Eastern countries.

Export destinations of major countries/regions (2024; %)

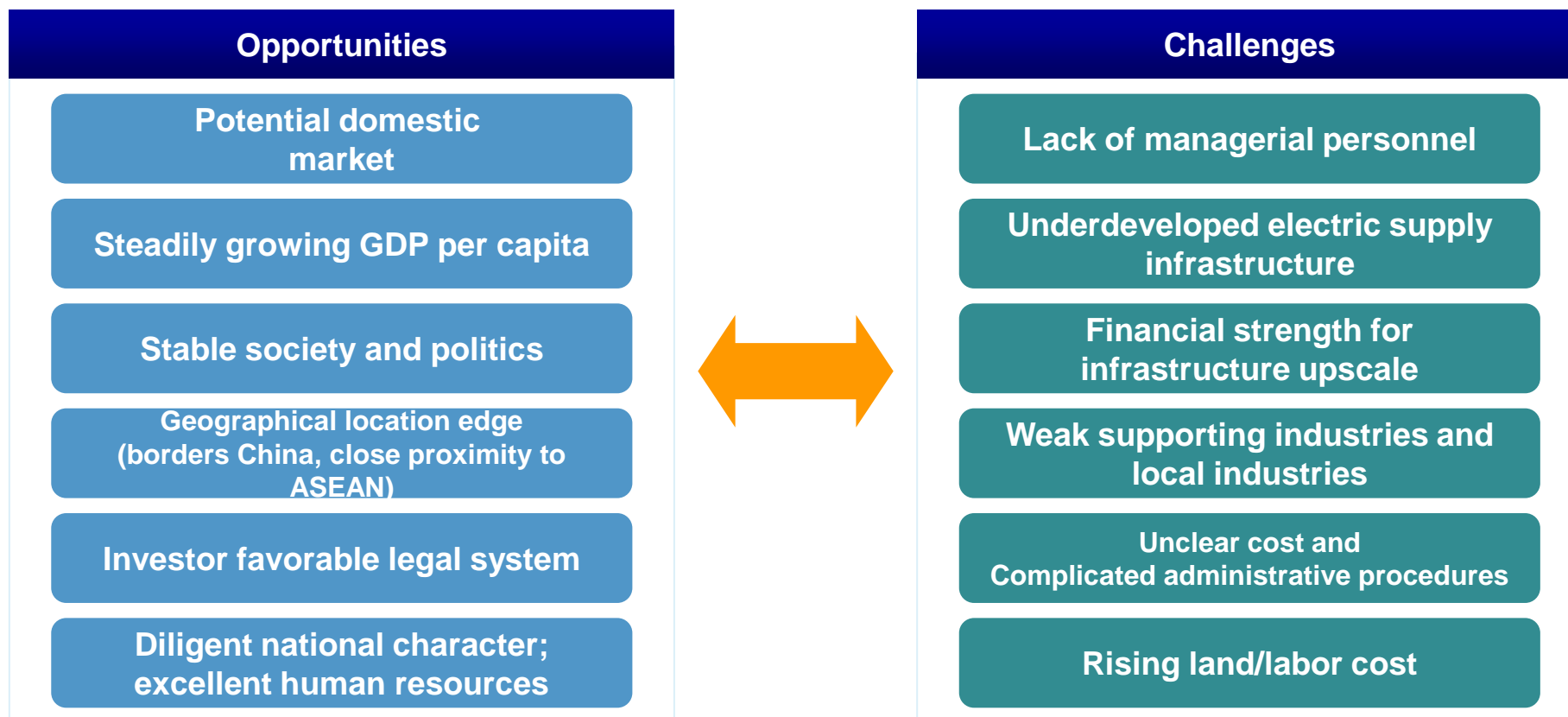


Trade and investment relations with the U.S., China, and Others

Trade and investment relations with foreign countries	
U.S.	<ul style="list-style-type: none">Some observers note that Vietnam is highly dependent on the U.S. for exports and is most likely to be vulnerable to U.S. President Trump's tariff policy among countries in Southeast Asia.The U.S. has the third-largest trade deficit with Vietnam and has demanded corrective measures, including addressing Vietnam's role as a transit point for roundabout trade from China.
China	<ul style="list-style-type: none">China is Vietnam's second-largest export destination and its largest source of imports.A significant portion of imports from China consists of parts and materials for electronic and electric products to be exported to the U.S. Therefore, if trade ties between Vietnam and the U.S. are weakened in the future, trade with China, particularly imports, may shrink as well.On the other hand, Chinese products that cannot be exported to the U.S. due to the U.S. tariff policy may flow into Vietnam at lower prices.
Other countries	<ul style="list-style-type: none">Vietnam has concluded FTAs with Asian major countries, such as Japan, China, and South Korea, as well as with the EU. In addition, the CPTPP with North and South American countries, including Canada and Chile, has entered into force. This means that Vietnam has already had an enhanced network of EPAs and FTAs.To reduce trade dependence on the U.S., Vietnam is believed to aim to strengthen relations with Asian major countries as well as countries in Europe, North and Central America (excluding the U.S.), and the Middle East.

I-8. Potential as an Investment Destination

- Vietnam has attractive advantage in terms of labor cost compared to other countries in ASEAN. However, raise in minimum wage and acceleration in foreign investment in recent years make it gradually difficult to hire workers in large numbers and at low-cost.
- As General Secretary, To Lam plays a central role in restructuring central ministries and agencies and local governments. Administrative procedures are expected to be significantly streamlined and expedited.
- Infrastructure has been improved in recent years, however financial stress might hinder further scale up in infrastructure upgrade to ensure long-term economic growth. In April 2025, the revision of the Eighth National Power Development Plan (PDP VIII) was approved to accelerate the development of power sources to meet the growing demand for electricity.



II. Investment-related Information

II-1. Labor-related Information (1): Employment of Local Workers

- The revised *Labor Code* (45/2019/QH14) passed on November 20, 2019, and became effective on January 1, 2021.
- Short-term contracts are specified as 36 months or less, enabling staffing adjustments by using seasonal hiring that is not subject to renewal.

Employment Status	Types of labor contracts (Article 20)	<ul style="list-style-type: none"> • Indefinite Labor Contract • Fixed-term labor contract (for a period not exceeding 36 months from the effective date of the contract) • A fixed-term labor contract may be renewed once for another fixed term, but thereafter must be an indefinite-term labor contract
Trial Period	Trial period (Article 25)	<ul style="list-style-type: none"> • Only one trial is allowed for any one job • Not to exceed 180 days for the job of company manager • Not to exceed 60 days for positions requiring junior college, or a higher level of expertise or skill • Not to exceed 30 days for positions requiring an intermediate level of expertise and skill, or for technical workers or clerical staff • Not to exceed 6 days for other jobs
	Wages for trial period (Article 26)	<ul style="list-style-type: none"> • At least 85% of the wages for official job
Working Hours	Normal working hours (Article 105)	<ul style="list-style-type: none"> • Not to exceed 8 hours/day or 48 hours/week
	Overtime work (Article 107)	<ul style="list-style-type: none"> • Not to exceed 200 hours/year • Not to exceed 300 hours/year if Article 107, paragraph 3 applies. Example: Production and export processing of textile, sewing, leather, shoes, electrical, electronic, agricultural processing, forestry, salt, and fishery products
Wages	Wages for overtime and late-night work (Article 98)	<ul style="list-style-type: none"> • At least 150% on regular workdays • At least 200% on weekly holidays • At least 300% on public holidays, Lunar New Year, and paid vacations • At least a 30% premium above regular wages for late-night work

II-1. Labor-related Information (2): Labor Cost

										(US\$)
	Country/region	Japan	China	Hong Kong	South Korea	Taiwan	Singapore	Malaysia	Thailand	
	City	Tokyo	Shanghai	Shenzhen	Hong Kong	Seoul	Taipei	Singapore	Kuala Lumpur	Bangkok
Manufacturing	Workers' wages (general worker)	2,024	832	415	2,138	1,212	2,426	2,195	490	437
	Engineers	2,636	1,434	519	3,536	1,586	2,745	3,108	917	781
	Managers	4,221	2,217	1,036	4,889	2,264	3,678	4,909	1,773	1,622
Non-manufacturing	Staffs' wages (general level)	2,050	1,291	1,024	2,639	1,490	2,181	3,094	1,023	844
	Managers' wages	3,838	2,625	1,987	4,556	2,479	3,533	5,585	2,179	1,709
	Shop staffs' wages (apparel)	2,784	—	1,450	1,702	1,068	2,933	1,638	754	386
	Shop staffs' wages (food)	2,286	—	721	2,005	996	1,887	1,404	530	386
Legal minimum wage		7.95/hour	375/month	329/month	5.1/hour	828/month (or 5.52/hour)	1,564/month	—	408/month	10.16~11.40/day
Bonus payments (fixed bonus + variable bonus)		4.63months' base salary	2.24months' base salary	1.54months' base salary	1.90months' base salary	3.34months' base salary	2.55months' base salary	2.32months' base salary	2.08months' base salary	2.68months' base salary
Social security burden ratio (employer's burden)		13.202%~25.252%	32.66~36.02%	19.74~33.49%	(1) 5% Less than 30,000 HKD monthly salary (2) 1,500 HKD 30,000 HKD and more monthly salary	13.96%	10.7%~30.1%	17%	14.45~14.95%	5%
Nominal wage increase rate		2.5% (2024)	6.9% (2022)	5.9% (2022)	3.0% (2023)	1.57% (Jan.-Jul. 2023)	5.07% (2022)	5.2% (2023)	5.88%(manager) 5.56%(non-manager) (2023)	0.45% (2023)
	Country/region	Indonesia	The Philippines	Vietnam		Laos	Cambodia	Myanmar	India	
	City	Jakarta	Manila	Hanoi	Ho Chi Minh	Vientiane	Phnom Penh	Yangon	New Delhi	Mumbai
Manufacturing	Workers' wages (general worker)	475	314	278	329	115	243	148	448	337
	Engineers	600	478	520	619	203	453	351	673	543
	Managers	1,295	1,042	1,121	1,215	672	1,049	713	1,359	1,490
Non-manufacturing	Staffs' wages (general level)	545	567	797	759	336	656	508	735	696
	Managers' wages	1,289	1,472	1,688	1,537	751	1,398	1,381	1,850	1,777
	Shop staffs' wages (apparel)	296~395	324	—	249~322	128	250~350	86~119	178~262	—
	Shop staffs' wages (food)	296~460	324	—	237~249	91	250~500	86~110 119~143	178~297	190.3~297.3
Legal minimum wage		333/month	10.66~11.31/day	206/month (or 0.99/hour)	206/month (or 0.99/hour)	73.1/month	204/month	2.29/day	215/month (unskilled) 237/month (semi-skilled) 261/month (skilled)	183/month (unskilled) 169/month (semi-skilled) 156/month (skilled)
Bonus payments (fixed bonus + variable bonus)		2.26months' base salary	1.84months' base salary	1.6months' base salary	1.6months' base salary	1.01months' base salary	1.08months' base salary	1.44months' base salary	1.08 months' base salary	1.35 months' base salary
Social security burden ratio (employer's burden)		10.24~11.74%	9.5%	21.5%(public insurance premium) 17.5(foreign workers)	21.5%(public insurance premium) 17.5%(foreign workers)	6% (monthly salary 4.5 million LAK or less) 270,000 LAK (monthly salary over 4.5 million LAK)		7%(age 60 or under) 7.5%(over age 60)	13%	13%
Nominal wage increase rate		3.38% (2024)	5.74~6.11% (2024)	—	—	—	—	—	8.0% (2023)	25.0% (2023)

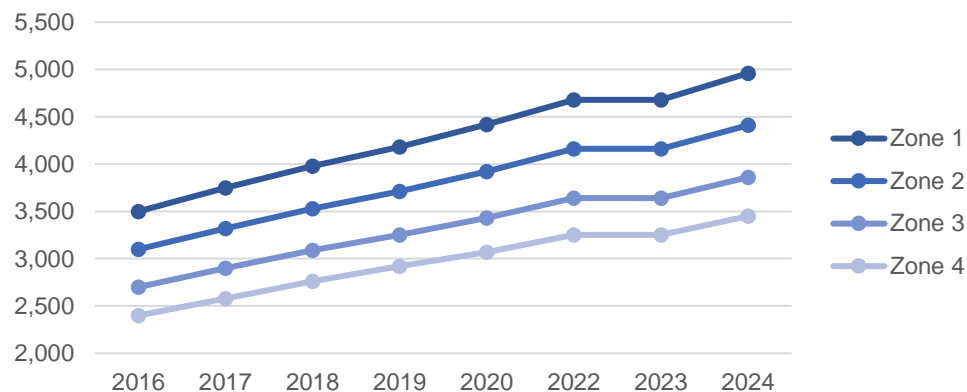
II-1. Labor-related Information (3): Minimum wage

- The minimum wage was, in principle, revised once a year. The most recent update was implemented to increase the minimum wage on July 1, 2024, the first in two years, partly due to the impact of the COVID-19 pandemic. With the ongoing restructuring of local governments, which has included the abolishment of county-level administrative units, the application of regional minimum wages is expected to change.
- In practice, monthly salaries are paid to employees with a collage degree and mid-career workers, depending on their positions.

Level and changes in minimum wages (revised in July 2024)

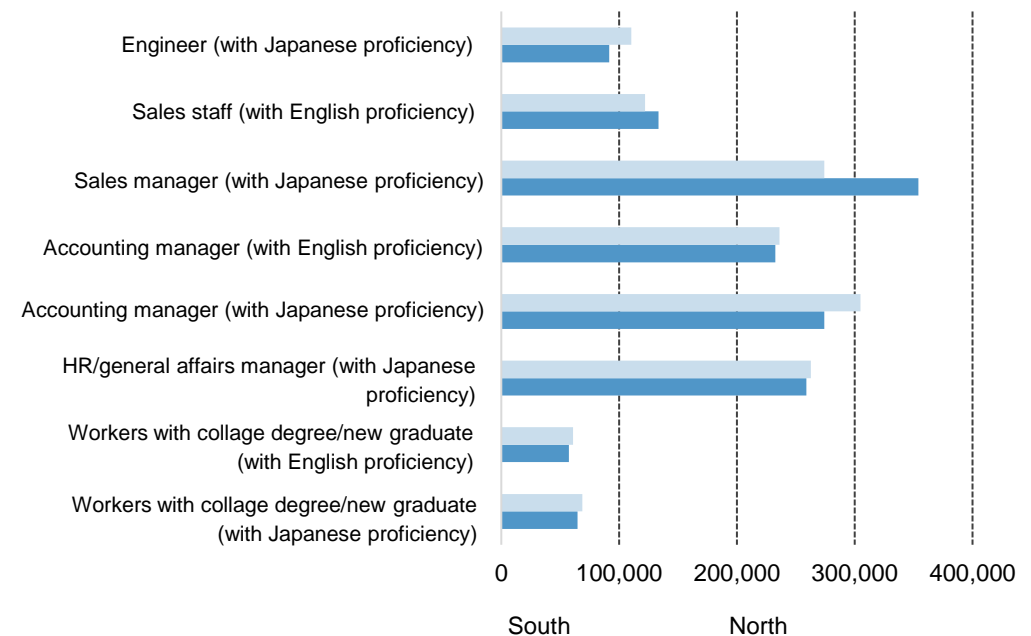
(1,000VND)

Region	Monthly	Hourly
Zone 1 All districts of Hanoi and Ho Chi Minh City, and Hạ Long in Quang Ninh Province	4,960	23.8
Zone 2 Da Nang City, Bac Ninh Province, Nghe An Province, Binh Phuoc Province, Hung Yen Province	4,410	21.2
Zone 3 Ha Nam Province, Nghi Son District-level Town in Thanh Hoa Province, Bac Giang Province	3,860	18.6
Zone 4 All areas outside of Zones 1 to 3	3,450	16.6



Monthly salaries for major job types (for reference; 1H2024)

(JPY)



II-2. Tax-related Information (1): Corporate Tax Rates

- The standard corporate tax rate was lowered to 20% since January 1, 2016.
- There are major 2 tax incentives: “Tax Holiday” refers to 100% exemption; “tax reduction” often refers to a 50% tax rate cut.
- In response to global minimum taxation, Vietnam has decided to increase the effective corporate income tax rate to 15% from January 2024 for multinational enterprises in scope (consolidated sales of 750 million EURO or more). Although alternative investment incentives are being discussed, the results of these discussions have not been published, and guidance through future government decree and other regulations is awaited.

Summary of Major preferential tax rates/requirements

(If there is no taxable income arisen in 3 years since the first sales are generated, tax holiday or reduction will automatically commence from the fourth year)

Requirements	Preferential tax rate	Applicable period	Exemption period	Tax reduction period
When none of the below-mentioned tax incentives applies	20%	—	None	None
New investment projects in industrial parks (except for those located in highly convenient areas*)	20%	—	2 years since the first taxable income	4 years after exemption period
Investment projects in investment recommended areas such as high technology, new technology, new materials, green energy, renewable energy...etc	10%	15 years since the first revenue generated	4 years since the first taxable income	9 years after exemption period
Investment projects in education, vocational training, healthcare, culture, sports, and environmental protection	10%	Whole period	4 years since the first taxable income	9 years after exemption period
New investment projects or additional investment projects in economic zones, hi-tech zones , or specialty socio-economically disadvantaged areas (Decree No. 218/2013/ND-CP, Appendix)	10%	15 years since the first revenue generated	4 years since the first taxable income	9 years after exemption period
New investment projects or additional investment projects in socio-economically disadvantaged areas (Decree No. 218/2013/ND-CP, Appendix), New investment projects or additional investment projects related to: the manufacture of high-quality steel, energy-saving products, machinery/facilities used in agriculture, farming or fishing/the salt industry; the production of irrigation facilities; the production/refinement of feed for cattle or fish farms; the promotion of traditional industries	17%	10 years since the first revenue generated	2 years since the first taxable income	4 years after exemption period

* Highly-convenient areas:

Special cities (Hanoi, Ho Chi Minh City), tier 1 cities under the direct control of the central government (Hai Phong, Da Nang, Can Tho), and tier 1 cities under the control of provincial authorities (Hue, Vinh, Da Lat, Nha Trang, Quy Nhon, Buon Ma Thuot, Thai Nguyen, Nam Dinh, Viet Tri, Ha Long)

II-2. Tax-related Information (2): Personal Income Tax Rate

- Residents are taxed on global income (all income earned in Vietnam and abroad).
- Non-residents are taxed uniformly at 20% on income originated in Vietnam (including company-paid rent and other allowances, etc.).

Definition of Resident

A person is considered a resident if any of the following are met:

1. If a person stays in Vietnam for 183 days or more in a calendar year (January 1 - December 31)
2. If a person stays in Vietnam for 183 days or more during the 12 months from the date of first entry into Vietnam
3. If a person has a rental contract of 183 days or more during the tax year*

*Regarding 3, if a person has a certificate of residence issued by a tax bureau outside of Vietnam, he/she is treated as a non-resident.

Declaration and Tax payment

Residents	<ul style="list-style-type: none"> • Preliminary filing and tax payment is required quarterly (by the end of the following quarter) or monthly (within 20 days of the end of the month) • If the wage payer files an annual tax return, the deadline for filing and payment is March 31 of the following year
Non-residents	<ul style="list-style-type: none"> • Filing and tax payment is required quarterly (by the end of the following quarter) • An annual tax return is not required

Resident payroll tax rates

Monthly Taxable Income	Tax Rate
VND 5 million or less	5%
Over VND 5 million to VND 10 million	10%
Over VND 10 million to VND 18 million	15%
Over VND 18 million to VND 32 million	20%
Over VND 32 million to VND 52 million	25%
Over VND 52 million to VND 80 million	30%
Over VND 80 million	35%

[*Please confirm details with a local expert for details](#)

II-2. Tax-related Information (3): Social Insurance System

- Vietnam's social insurance system consists of social insurance, health insurance, and unemployment insurance.
- The amended *Law on Social Insurance* (41/2024/QH15) was approved by the National Assembly on June 29, 2024, and took effect on July 1, 2025.

Social insurance types

	Contribution ratio		Benefits	Eligibility
	Employer	Employee		
Social Insurance	17.5%	8%	<ul style="list-style-type: none"> • Illness • Maternity • Industrial accident and occupational disease • Retirement pension • Survivor pension 	<ul style="list-style-type: none"> • Vietnamese persons • Foreign workers*
Health Insurance	3%	1.5%	<ul style="list-style-type: none"> • 80% of medical costs covered (only at hospitals that accept health insurance) 	<ul style="list-style-type: none"> • Vietnamese and foreign workers with employment contracts of more than three months*
Unemployment Insurance	1%	1%	<ul style="list-style-type: none"> • 60% of the average salary provided for a period that depends on the enrollment duration 	<ul style="list-style-type: none"> • Only Vietnamese workers with employment contracts of more than three month

- Foreign workers transferred within a company are not eligible. However, the term “transferred within a company” must be explicitly stated on the work permit.

Key amendments to the *Law on Social Insurance*

1. Expansion of eligible persons

- Corporate managers who do not receive salaries (e.g., company representatives, officers, auditors)
- Part-time workers with labor contracts longer than one month who receive a monthly salary that is equivalent to or more than the minimum wage as the basis for compulsory social insurance contributions

2. Changes in salary definition for the calculation of social insurance premiums

Salaries subject to calculation of social insurance premiums

1. Basic salary
2. Managerial position/job allowances
3. Other additional remunerations agreed to be paid periodically and consistently for each salary period (e.g., bonuses)

3. Changes in standard for basic salary calculation

Before amendment: Based on the basic wage of government employees

After amendment: Reference level determined by the government

*The social insurance premium is capped at 20 times the above standard.

II-2. Tax-related Information (4): Dividend Payments

- Dividends can be repatriated to overseas if accumulated losses have been cleared.
- No tax on dividend is levied in Vietnam (no further tax on profits after deduction of corporate income tax)

Requirements for dividend distribution	<ul style="list-style-type: none">• Retained earnings must be positive (if there is a deficit, dividends cannot be distributed)• Filing of the corporate tax finalization must be completed
Dividend amount limit	<ul style="list-style-type: none">• After-tax income based on audited financial statements + Retained earnings (prior year earnings) - Reinvestment amount (if any)
Documents submitted to the tax office	<ul style="list-style-type: none">• Audit report (approved financial statements)• Corporate income tax finalization form• Minutes of dividend decisions of foreign investors• Minutes of dividend decisions of Vietnamese subsidiaries• Investment Registration Certificate (IRC) / Enterprise Registration Certificate (ERC)• Notification of dividend payment to tax office
Dividend remittance	<ul style="list-style-type: none">• Remittance possible seven business days after all the above documents are submitted to tax office
Other	<ul style="list-style-type: none">• There is no rules on interim dividends (in practice, many companies pay dividends once a year)• The process usually takes half a month or more, including preparation of documents, etc.• For tax office communication, in practice, foreign companies tends to utilize accounting firms supporting services.

II-2. Tax-related Information (5): Foreign Contractor Tax

❑ What is the foreign contractor tax?

The foreign contractor tax (FCT) is a tax on incomes derived by foreign companies or individuals from the provision of services to Vietnamese companies or individuals in Vietnam.

❑ Composition of the foreign contractor tax

$$\text{Foreign contractor tax (FCT)} = \begin{matrix} \text{(Foreign companies) Corporate income tax (CIT)} \\ \text{(Foreign individuals) Personal income tax (PIT)} \end{matrix} + \text{Value-added tax (VAT)}$$

❑ Methods of declaring and paying FCT

- ✓ If the foreign contractor has no permanent establishment (PE) and is non-resident of Vietnam, it pays tax under **withholding method**
- ✓ The taxpayer under withholding method is the **domestic Vietnamese company**.

❑ Deemed tax rates under withholding method

Taxable transaction type	Deemed tax rate		Taxable transaction type	Deemed tax rate	
	VAT	CIT		VAT	CIT
Sales of goods associated with services	-	1%	Other business	2%	2%
General services, the leasing of machinery or equipment, insurance services	5%	5%	Transfer of securities, overseas re-insurance, commission for re-insurance transfer	-	0.1%
Restaurant, hotel and casino management services	5%	10%	Derivatives transactions	-	2%
Leasing of aircraft, aircraft engines and parts, and shipping	5%	2%	Interest income	-	5%
Construction, installation or transportation with the supply of materials, machinery or equipment	3%	2%	Royalty	-	10%
Construction or installation without the supply of materials, machinery or equipment	5%	2%			

III. Establishing a Local Subsidiary

III-1. Type of Entity (1)

Entity	Outline	Pros/Cons	Account Type
Local subsidiary	This is most popular investment type. Companies can set up fully-owned subsidiaries, except for certain sectors with restrictions on foreign investment. The legal form of subsidiary can be a limited liability company, a joint stock company, a partnership company or a privately-owned company (see next page for details)	Pros: Quick decision making. No restrictions on investment in companies, mergers, acquisitions, etc. Cons: Subject to foreign investment regulations	<ul style="list-style-type: none"> • Capital account • Current account
Representative office	Representative offices can: (1) liaise with the head office, (2) collect information and undertake market research, and (3) maintain/promote business transactions or scientific/technological cooperation with Vietnamese partners	Pros: Easier to establish than a local subsidiary Cons: Business activities are not permitted	<ul style="list-style-type: none"> • Current account
Branch	Capital, assets, and financial statements are shared with the head office. Branch offices are generally opened after the establishment of a local subsidiary.	Pros: Business activities are allowed Cons: Establishment of only limited types of business is allowed (e.g., banking and insurance)	<ul style="list-style-type: none"> • Current account
Projects	By signing a contract with the Vietnamese government, foreign investors can conduct business jointly with government-designated domestic companies without setting up a local subsidiary. There are BOT*·BTO** and BT*** projects, for example, and many of these involve infrastructure construction (mainly roads, ports, airports and bridges).	Pros: Less expensive and time-consuming than incorporation	<ul style="list-style-type: none"> • Current account
M&A, etc.	Companies can invest in, buy stocks in, merge with or buy other companies active in Vietnam.	Cons: Foreign investors' investment and acquisition of shares in Vietnamese companies are regulated by sector in accordance with Vietnam's WTO accession commitments	<ul style="list-style-type: none"> • Non-resident deposit account • Indirect investment account • Escrow account

*BOT (Build-Operate-Transfer): Built and operated by a private company and transferred to the government after the contract period ends

**BTO (Build-Transfer-Operate): Built by a private company and transferred to the government, but operation by the private company continues for a certain period of time

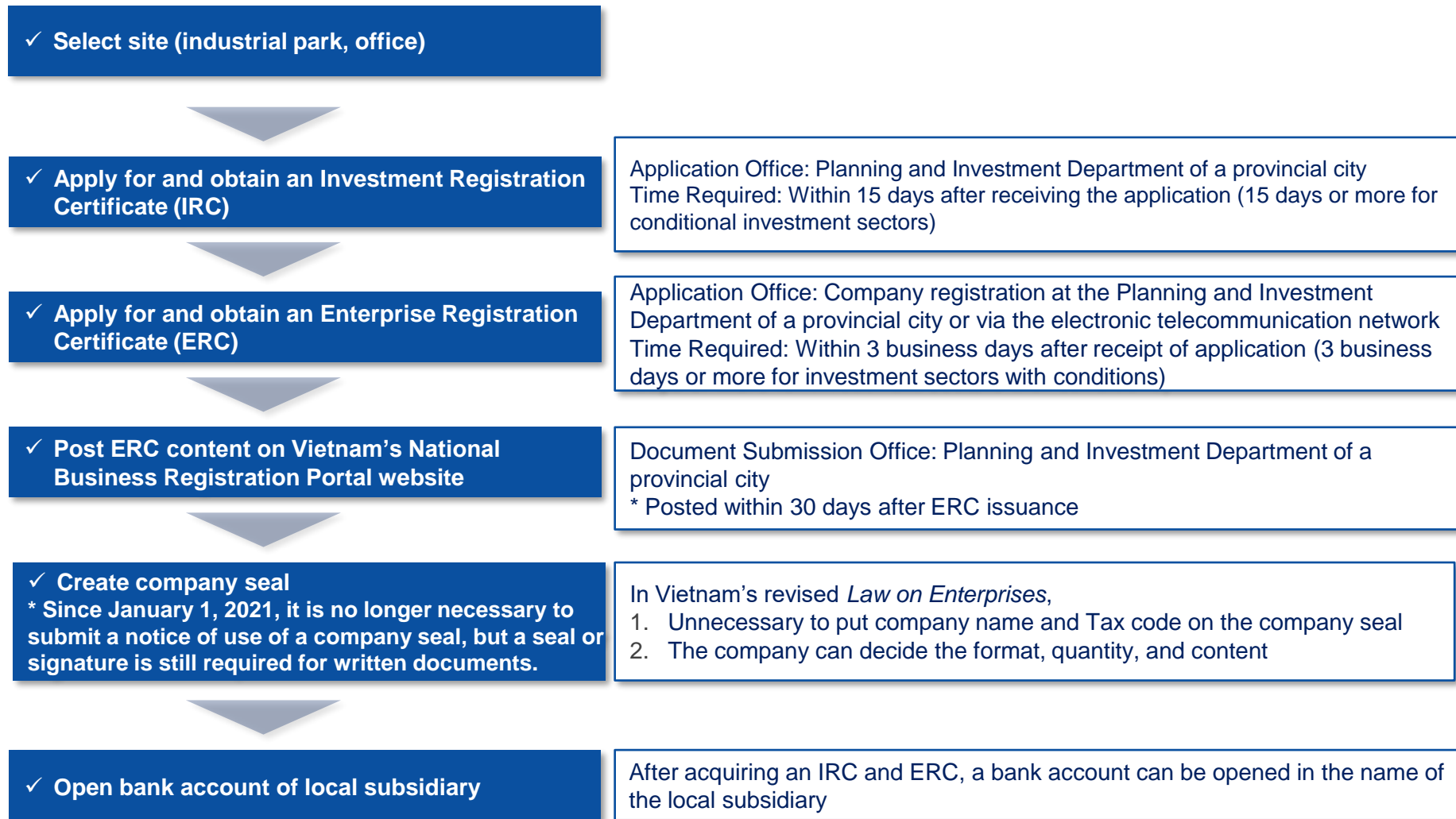
***BT (Build-Transfer): Built by a private company and transferred to the government

III-1. Type of Entity (2)

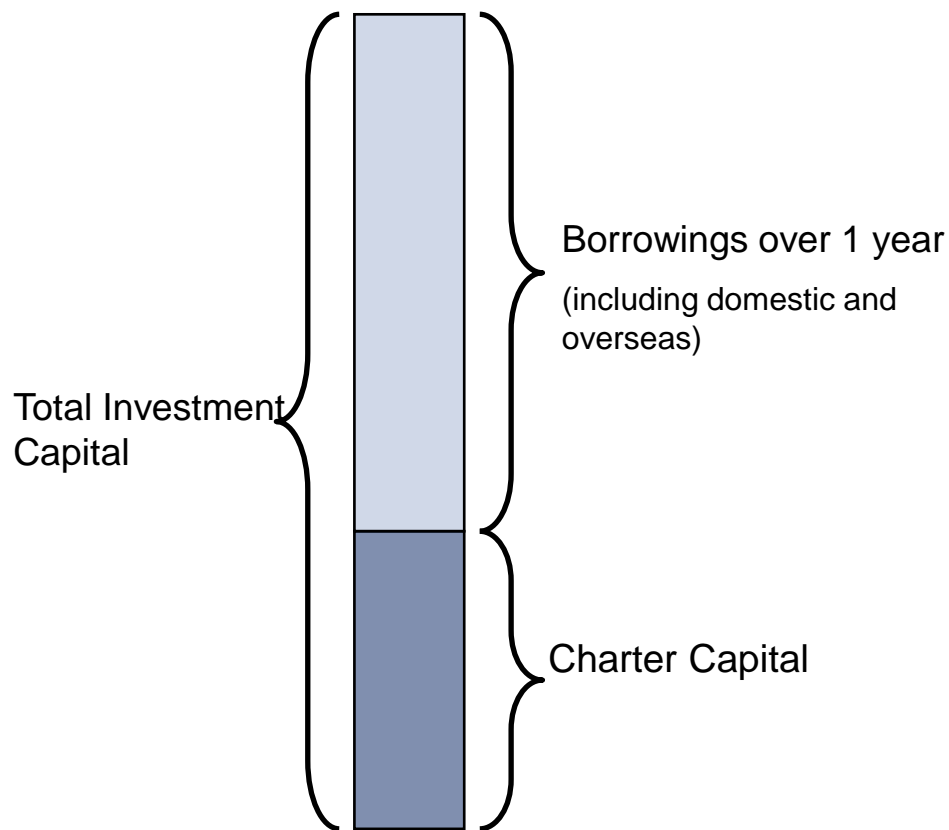
- Approximately 80% of Japanese companies in Vietnam are limited liability companies.
- If a joint stock company is established in Vietnam, there must be 3 or more investors.

	Single-Member LLC	Multi-Member LLC	Joint Stock Company
Number of investors	1 organization or individual	2 to 50 organizations or individuals (50 or fewer)	At least 3 or more organizations or individuals
Management organization	<p>-When the investor is an organization: Chairman, president, corporate auditor (optional)</p> <p>or</p> <p>General meeting of employees, president, corporate auditor (optional)</p> <p>* The general meeting of employees consists of 3 to 7 employees.</p> <p>-When the investor is an individual: Chairman, president (can also serve as chairperson concurrently)</p>	<p>General meeting of members, chairman of general meeting of members (the president can also serve concurrently), President</p> <p>*Board of supervisor is optional</p>	<p>General meeting of shareholders, board of directors, president, board of corporate auditors</p> <p>*If 11 or more shareholders or corporate shareholders own 50% or more of the total number of shares, it is necessary to appoint an auditor.</p> <p>or</p> <p>General meeting of shareholders, board of directors, president</p> <p>* More than 20% of directors are independent directors</p> <p>* Establish an audit committee for internal accounting under the board of directors</p>
Highest decision-making body	Chairman or general meeting of members	General meeting of members	General meeting of shareholders
Quorum for holding an employee (shareholder) general meeting * If there are no other provisions in the Articles of Incorporation	2/3 or more of the total number of employees	<p>Total investment of attending investors:</p> <p>1st meeting: 65% or more</p> <p>2nd meeting: 50% or more</p> <p>3rd meeting: Quorum equal to or higher than the percentage at 2nd meeting</p> <p>• Must be held at least once a year</p>	<p>Total voting shares of attending shareholders:</p> <p>1st meeting: 50% or more (Article 145.2)</p> <p>2nd meeting: 33% or more</p> <p>• Must be held at least once a year within 4 months from the end of the fiscal year</p> <p>• The venue of the general meeting of shareholders is in Vietnam</p>
Ordinary resolution	50% or more of attendees or 50% or more of the total number of votes held by attendees (Article 80.6)	<p>Percentages other than the following can be set in the Articles of Incorporation</p> <p>Total investment of the attendees is 65% or more</p> <p>Total voting rights of attending shareholders exceeds 50% (Article 148.2)</p>	
Special resolution	75% or more of attendees or 75% or more of the total number of votes owned by attendees (Article 80.6)	Total investment of the attendees is 75% or more	Total voting rights of attending shareholders is 65% or more

III-2. Procedure to Establish a Local Subsidiary



III-3. Setting Total Investment Amount at the Time of Establishment (Borrowings Over 1 Year and Charter Capital)



■ **Borrowings**

- The upper limit of borrowings over 1 year is “total investment capital” registered on the investment registration certificate (IRC) minus “Charter capital”
- “Total investment capital” and “Charter capital” amounts in the IRC and ERC may be amended at later stage but applications for such amendments must be accompanied by an explanation the investment plan.
- ✓ Short-term borrowings under 1 year (including domestic borrowing in Vietnam or borrowing from overseas) are not subject to limits.
- A 5% withholding tax will be applied to interest paid on loans borrowed from overseas.
- Borrowings over 1 year from overseas will require approval from the State Bank of Vietnam.

■ **Charter Capital**

- Charter capital must be paid in within 90 days of the issuance of an ERC.

III-4. Bank Accounts

- Foreign companies are required to open a direct investment capital account and a savings account when establishing their new subsidiary in Vietnam.
- Different types of accounts are opened depending on the type of entity and the usage.

List of Account Types

Type	Usage
Direct Investment Capital Account (DICA)	Account that serves as a gateway for capital transactions, such as deposits of capital and offshore loans, payment of dividends, etc. Legally required for foreign companies to establish subsidiaries or investing in local companies (e.g., through majority-share acquisitions or issuance of an IRC) <ul style="list-style-type: none">• This type of account can only be opened at one bank per corporation.• The account currency needs to be selected depending on the specifications on the license.• Interest on deposits is not permitted, under regulations.
Saving Account	Account for ordinary settlements, import/export payments, and payments of expenses, such as wages
Non Resident Account (NRA)	Accounts in the name of a resident outside Vietnam
Indirect Investment Account (IIA)	Account required by laws for foreign companies, etc., to invest in local businesses (e.g., through minority-share acquisitions and a case not requiring an IRC) <ul style="list-style-type: none">• This type of account can only be opened at one bank per corporation (excluding securities companies and investment funds).• Must be denominated in VND• Interest on deposits is not permitted, under regulations.
Escrow Account	Account with restricted deposits and withdrawals, requiring confirmation under contracts, etc. (e.g., M&A, real estate transactions) <ul style="list-style-type: none">• This type of account can only be opened at one bank per corporation.• Must be denominated in VND, in principle

IV. Regulations, Incentives, Reference Information

IV-1. Investment Regulations (1): Applicable to Both Domestic and Foreign Companies

- As revised in 2021, the following industries are prohibited or restricted from entry into Vietnam.

Prohibited sectors	Conditional sectors
<p>8 sectors starting January 1, 2021</p> <ol style="list-style-type: none"> 1. Business related to the narcotic substances stipulated in Appendix 1 of the new <i>Common Law on Investment</i> 2. Business related to the chemical substances and minerals stipulated in Appendix 2 of the new <i>Common Law on Investment</i> 3. Business related to wild plant and animal specimens specified in Appendix 1 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora, and rare endangered wild plant and animal specimens of Group I specified in Appendix 3 of the Convention 4. Prostitution business 5. Buying and selling of human bodies, human body tissue, or human body parts 6. Business activities related to human asexual reproduction 7. Buying and selling firecrackers 8. Debt collection business 	<p>Reduction to 227 sectors starting January 1, 2021 ⇒ Includes most service sectors in which foreign companies consider investing</p> <ul style="list-style-type: none"> • Sale and purchase of goods, and activities directly related to sale and purchase of goods, by foreign service suppliers in Vietnam • Alcohol business • Food business under the specialized management of Vietnam's Ministry of Industry and Trade • Service business that dispatches workers abroad • Land transportation business • Harbor development business • Condominium operation and management service business etc.

Businesses Prohibited for Foreign Investment (25 businesses)*

Businesses Conditionally Eligible for Foreign Investment (59 businesses)*

Businesses that are neither businesses prohibited from entry using foreign capital nor businesses that are conditionally open to foreign capital

→ Same regulations apply as those for locally-owned businesses

*See next page.

There are some businesses that are included among the 25 or 59 businesses but not among the 227 sectors.

IV-1. Investment Regulations (2): Applicable Only to Foreign Companies

Businesses Prohibited for Foreign Investment (25 businesses)	Businesses Conditionally Eligible for Foreign Investment (59 businesses)
<ul style="list-style-type: none"> • Transactions of goods and services that are handled exclusively by the national government in the commercial sector • Press and news-gathering activities • Fisheries • Public security and investigations • Administration of justice • Employment referrals involving overseas employment contracts • Cemetery development, etc. • Household waste collection • Public opinion polling • Blasting business • Manufacture and trade of arms and explosives • Import and dismantling of used vessels • Public postal services • Transshipment of goods without importation • Temporary import for re-export • Import, export and sale of goods whose handling by foreign investors, etc., is prohibited • Collection, purchase and handling of public goods of the armed forces • Trading in weapons, ammunition, equipment, materials, and supplies used by the armed forces and police, as well as special equipment and technology used in their manufacture • Valuation of intellectual and industrial property • Maintenance and operation, and surveys, etc., of territorial waters and ports • Coast guard, etc. • Inspection and certification of all types of transport, safety certification of vehicles and equipment used for transport, inspection and safety certification for offshore oil and gas exploration and development, etc. • Surveys and development of natural forests, etc. • Study and use of genetic information of livestock that has not been evaluated by the Ministry of Agriculture and Rural Development • Tourism (except for international travelers) 	<ul style="list-style-type: none"> • Production and sale of cultural products (including video recordings) • Production, distribution, and projection of television programs and music, dance, drama and films • Provision of radio and television services • Insurance, banking, securities trading and other related services • Postal and telecommunications services • Advertising services • Printing and publishing services • Measuring and mapping services • Aerial photography services • Educational services • Exploration, development and processing of natural resources, minerals, oil, and gas • Hydro, offshore wind and nuclear energy • Rail, air, road, river, marine, and pipeline transportation of passengers and cargo • Aquaculture • Forestry and hunting • Gaming and casino operations • Security services • Construction, operation, and management of river ports, sea bays, and airports • Real estate business • Legal services • Veterinary services • Technical inspection and analysis services • Sale and purchase of goods, and activities directly related to sale and purchase of goods, by foreign service suppliers in Vietnam • Tourism services • Health and social services • Sports and entertainment services • Paper manufacturing • Manufacture of transportation vehicles with 29 or more seats • Development and operation of traditional markets • Commodity exchange activities • Domestic retail commodity collection services • Audit, accounting, and tax services • Valuation services and business valuation consulting for conversion to equity • Services related to agriculture, forestry and fisheries • Manufacture of aircraft • Manufacture of locomotives and rolling stock • Manufacture and sale of tobacco products, tobacco raw materials, and machinery and equipment for the tobacco industry • Publishing house activities • Shipbuilding and ship repair • Waste collection services and environmental monitoring services • Commercial arbitration services and arbitration mediation • Logistics services • Coastal marine transportation • Manufacture of construction materials • Construction and related engineering services • Cultivation, production and processing of rare crops, breeding of rare wild animals, and processing and handling of these animals or plants (including live animals and their processed products) • Assembly of motorcycles • Services related to sports, fine arts, performing arts, fashion shows, beauty and modeling contests, and other entertainment • Air transportation support services, ground engineering services at airports and airfields, meal service in aircraft, navigation and information monitoring services, aviation weather services • Ship agency services, ship towing services • Services related to cultural heritage, copyrights, photography, video recording, sound recording, art exhibitions, festivals, libraries, and museums • Tourism promotion and public relations services • Agency, recruiting agent, scheduling, and management services for artists and athletes • Family-related services • E-commerce activities • Cemetery business, cemetery and burial services • Seeding and chemical spraying services using aircraft • Maritime pilotage services • Investment industries or sectors under a pilot framework of the National Assembly, the Standing Committee of the National Assembly, the government, or the prime minister

IV-2. Investment Promotion (1)

- Regardless of whether a company is a domestic- or foreign-owned company, investment projects that meet certain requirements are eligible for preferential treatment.
- In principle, the Ministry of Planning and Investment determines the applicability of preferential treatment for investments on a project-by-project basis. When considering preferential treatment for an investment, approval is required from the government authority with jurisdiction over the given industry sector. Consequently, there is concern that the review process may be complicated and that it may take a long time to obtain approval for preferential treatment, depending on the industry sector involved.

(1) Incentive Sectors (Article 16.1 of the revised *Common Law on Investment*)

1	High-tech activities, high-tech auxiliary industrial products, R&D activities, and production of scientific and technological products in accordance with laws and regulations related to science and technology	8	[1] Investment in the development, operation and management of infrastructure structures and [2] development of means of public passenger transport in every city
2	New materials, new energy, clean energy, renewable energy production, products with a recognized value-added of 30% or more, and energy-saving products production	9	Early childhood education, general education, vocational education, university education
3	Electronic products, heavy machinery, agricultural machinery, automobiles, auto parts production, shipbuilding	10	[1] Diagnosis and treatment, [2] production of pharmaceuticals, raw materials for pharmaceuticals, and stored medicines, [3] formulation technology for producing various new drugs, scientific research on biological technology, and [4] production of medical equipment and devices
4	Production of goods on the list of industrial products with incentive support for development	11	[1] Investment in training, gymnastics, and athletic facilities for people with disabilities or professionals and [2] protection and utilization of cultural heritage
5	Production of information technology, software and digital content products	12	[1] Investment in defoliant patient treatment centers, nursing homes, and mental care centers and [2] care centers for the elderly, disabled, orphans, and vagrant children with no relatives
6	[1] Processing of agricultural, forest, and marine aquaculture products, [2] direct planting and protection of forests, [3] salt production, [4] harvesting of marine products and logistics services for the fishing industry, and [5] plant seeds, animal semen, and production of production engineering technology (biotechnology) products	13	People's Credit Funds and small financial institutions, etc.
7	Waste collection, waste treatment, recycling, or reuse	14	Goods production and service provision that create or participate in value chains and industry clusters

(2) Incentive Areas (Article 16.2 of the revised *Common Law on Investment*)

1. Regions with difficult economic and social conditions, regions with particularly difficult economic and social conditions
2. Industrial parks, export processing zones, hi-tech parks, special economic zones

IV-2. Investment Promotion (2)

(iii) Investment projects (Article 15 of the *Law on Investment*)

1	<ul style="list-style-type: none">• Has projects with a total investment of more than VND6 trillion and expenditures of more than VND6 trillion within 3 years from the date of issuance or approval of the investment registration certificate, and at the same time, one of the following:<ul style="list-style-type: none">✓ Posts annual gross sales of more than VND10 trillion within 3 years from the year in which the sales were first generated✓ Employs more than 3,000 workers
2	<ul style="list-style-type: none">• Investments in the construction of social housing, or• Employment of at least 500 workers in rural areas, or• Employment of persons with disabilities in accordance with the provisions of the law on persons with disabilities
3	<ul style="list-style-type: none">• High-tech companies, scientific and technological companies, and scientific and technological organizations• Projects for the transfer of technologies that are on the list of technologies encouraged for transfer in accordance with the laws and regulations on technology transfer• Projects for fostering technology and projects for fostering scientific and technological companies• Projects that provide technology, equipment, product production, and services to meet environmental protection requirements in accordance with the laws and regulations related to environmental protection
4	<ul style="list-style-type: none">• Startups• Centers for creative renewal• Research and development centers
5	<ul style="list-style-type: none">• SME goods distribution chain• SME support and training facilities• Startup development

Notes:

- The above-mentioned preferential treatment does not apply to the following investment projects:
 - ◆ Investment projects for the development of mineral products
 - ◆ Investment projects for production of goods and provision of services subject to special consumption tax; however, the production of automobiles, airplanes, and ships is excluded
 - ◆ Investment projects for commercial housing construction
- There is concern that the timeline from application to receiving preferential treatment may be extended due to the need for the Ministry of Planning and Investment to verify the documents submitted by the applicant company to certify that the requirements for application have been met.
- An applicant company applies to the management committee of the SEZ or industrial park in the province where the company is located. After the management committee reviews and approves the application, the central government (Ministry of Finance and Prime Minister's Office) will further review the application for approval or disapproval. Applicants are encouraged to follow up directly with the departments of the Ministry of Finance, etc., to confirm the status of their application.

IV-3. Foreign Exchange Controls/Regulations for Foreign Investors

- Vietnam adopts “managed float system” for its exchange rate, in which that the central bank might intervene to maintain the exchange rate at its predetermined level or within a desired range. USD/VND exchange rate was pegged to USD and tended to devalue previously, however, since January 2016, the central bank started to announce the USD/VND central rate on a daily basis. Sellers and buyers are allowed to trade the pair within +/-5% trading band. There is no restriction for trading rate of currency pairs other than USD/VND.
- From March to July 2024, the prevailing rate remained close to the ceiling rate. Although it briefly returned to the central rate level in September 2024, the rebound in the U.S. jobs report has led to a weaker VND against USD since October. Moreover, Trump’s victory in the U.S. presidential election resulted in the global appreciation of USD.
- Reciprocal tariffs and instability in the Middle East have further driven the VND decline to a record low.

Long-term Trends in the USD/VND Exchange Rate



Overview of Foreign Currency Regulations

- Domestic Remittances in Vietnam
 - Generally, remittances are denominated in Vietnamese dong
 - Remittances denominated in foreign currency are limited to certain transactions for export processing enterprises (EPEs) and salaries paid to foreigners (expats from Head Quarter, etc.) (Evidence of remittance in foreign currency must be submitted to the bank at the time of remittance)
- Foreign Remittances
 - As Vietnamese dong is not an internationally convertible currency, remittances to overseas are executed in foreign currency in principle.
 - Documents that evidencing the actual demand for the transaction, such as trade, service etc., must be submitted to banks (e.g., sales contract, invoice, customs declaration, etc.)

IV-4. Trade Regulations

- The competent authority for trade management is Vietnam's Ministry of Industry and Trade, but detailed regulations are set by each ministry through guidelines and notifications.
- Certain items require quarantine, pre-shipment inspection, and import permits.

Examples of Items with Import Restrictions

- Items Prohibited from Import
 - ✓ Used consumer goods (home appliances, medical equipment, clothing, etc.)
 - ✓ Used products (bicycles, motorbikes, and engines, tires, and accessories for transportation vehicles), etc.
 - Only left-hand drive cars can be imported as used cars. They must conform to standards, and a high tariff and special consumption tax are levied.
- Items Requiring Permission to Import
 - ✓ Cultural products (books and CDs/DVDs), cosmetics, personal computers, mobile phones
 - ✓ Consumer goods
 - ✓ Pharmaceuticals, etc.

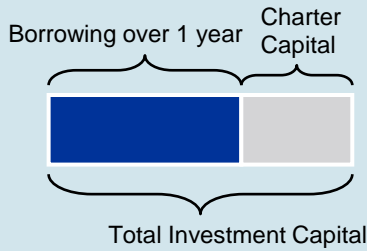
Import Restrictions on Used Machinery and Equipment

The Prime Minister's Decision No. 18 (18/2019/QĐ-TTg), which stipulates the import of used machinery, equipment, and production lines, eased the restrictions on the number of years after manufacture in some sectors starting on June 15, 2019. However, a designated appraisal agency must appraise whether items meet import standards and the standards for safety, energy saving, and environmental protection. As a general rule, used machinery and equipment manufactured more than 10 years ago cannot be imported if they are not subject to the relaxation of the age limit.

* The HS codes of used machinery and equipment subject to the relaxation of the age limit are as follow.

Sector	Targeted HS Code	Age Limit
Machinery	84.20, 84.54, 84.55, 84.56, 84.57, 84.58, 84.59, 84.60, 84.61, 84.62, 84.63, 84.79	20 years
Wood production and processing	84.19.32*, 84.65, 84.79.30	20 years (*15 years)
Paper and pulp manufacturing	84.39, 84.40, 84.41	20 years

IV-5. Financing (1)

	Payment cycle adjustment (in case commercial trades exist)	Capital Increase	Funding inside Vietnam (Onshore loan)	Funding from overseas (Offshore loan)
Regulations	None	None	In Vietnamese Dong only, in principle; borrowing and remittances are 100% linked.	Foreign currency only; borrowing is possible at any time.
			<p><u>Foreign-owned enterprises can borrow up to the “borrowing limit” for medium- to long-term loans over 1 year</u></p> <p>Medium- to long-term borrowing exceed borrowing limit and borrowing beyond the license expiration require license revision*</p> <p>In case multiple IRCs are issued for separate project or branches, it is possible to borrow within the borrowing limit of each IRCs.</p>	<p>*Confirmed items in licenses (IRC and ERC)</p> 
Permits and Licenses	Remittance transactions exceeding 90 days from B/L date require online reporting to the central bank.	License amendment (IRC, ERC)	Not required	<p>Monthly online report to the SBV required</p> <p>Prior registration with SBV for new mid-long term loan required (online application)</p>
Withholding Tax	None	No tax applicable on dividend payment	None	5% Foreign contractor tax applicable on interest (withholding tax)
			Interest as deductible expenses cannot exceed 30% of EBITDA	
Notes	Effect to local subsidiary: Extension of payable period for import contracts or, Shortening account receivable period under export contracts	Dividends may only be paid after elimination of accumulated losses.	Relatively high VND interest rate	Currency and interest rate of parent-subsidary loans are optional. Transfer price taxation must be considered.

IV-5. Financing (2)

■ Financing (onshore loan) in Vietnam is as follows.

Currency	VND, in principle* (Foreign currency borrowing is possible if borrowers have sufficient foreign currency income from exporting activities for repayment)
Fund usage	<ul style="list-style-type: none"> • Short-term: Operating expenses such as working capital and SG&A (borrowing period is within the business cycle**) • Medium- to long-term: Equipment funds <div> Domestic and foreign currency borrowing: Regulated by Circular 42/2018/TT-NHNN (entered into force January 2, 2019) <ul style="list-style-type: none"> • Foreign currency borrowing is possible for domestic settlement and import settlement for exports (excluding sales to EPEs). However, foreign currency income sufficient for repayment is required. *Sales to EPEs are not permitted as exports. • Long-term foreign currency borrowing is not possible after September 2019.. </div>
Evidence	<ul style="list-style-type: none"> • VND borrowing: Invoice • Foreign currency borrowing: Sales contract, invoice, customs clearance certificate (after-the-fact presentation is also possible) Remittance required on the same day as the loan execution; 100% tied to remittance
Points to note	<ul style="list-style-type: none"> • Refinancing is not possible; loan for working capital can be rolled over within the business cycle. • VND interest rates are higher while Foreign currency interest rates are at the same level as other countries. • A current account is used for loans and repayments.

Other lending restrictions: Single Lending limit

The total loan amount from a single bank able to provide to a company is regulated up to 15% of the capital of the bank.

*Sales denominated in foreign currencies must be confirmed on financial statements, etc., and in principle, the use of funds is limited to foreign currency remittances only.

**The period from the occurrence of payment for the purchase of raw materials and products until the production, sale, and collection of sales. Typically close to cash conversion cycle.

IV-5. Financing (3): Offshore loan (including intercompany Loans)

	Short term	Medium to Long Term
Currency	Foreign currency, in principle	
Lender	No rules; lenders can be parent companies, financial institutions, and companies with no capital relationship	
Period	1 year or less (In case the loan cannot be repaid within one year, if it is repaid in full within one year and 30 business days from the date of borrowing, no registration with the central bank is required. However, interest calculations are only allowed up to one year.)	More than 1 year
Use of funds	Working capital; Refinance existing offshore loan Borrowing period is generally within the business cycle, roll-over within one year of the initial drawdown is possible	Plant and equipment funds* Refinance existing offshore loan
Bank confirmation documents at the time of implementation and repayment	<ul style="list-style-type: none"> Parent company-subsidary loan agreement and interest rate calculations Plan for use of borrowed funds A screenshot of online report of the borrowing to the central bank 	Parent company-subsidary loan agreement and interest rate calculations Plan for use of borrowed funds A screenshot of online report of the borrowing to the central bank Copy of medium- to long-term loan registration/approval notice from the central bank
	No need to use up the entire amount at the time of borrowing, and no evidence checks on the drawdown funds	
Central bank registration	<ul style="list-style-type: none"> Online reporting of borrowing status for the previous month by the fifth business day of each month 	Online reporting of borrowing status for the previous month by the fifth business day of each month Online application before new borrowing drawdown and within 30 business days after signing the contract —Required documents— Central bank registration application form Parent-subsidary loan agreement (Vietnamese translation required) Copy of investment license with notarized seal of Vietnamese authorities, etc.
Notes	<ul style="list-style-type: none"> Registration with the central bank is required if more than one year has elapsed since the original loan. However, careful attention must be paid to the use of the funds.* Repayment should be made through the capital account (short-term repayment can be made through a special repayment account). 	

*Penalty for use of funds

A certain company used a short-term parent-subsidary loan to finance the construction of a factory. Because it was difficult for the company to repay the loan within one year, it applied to the central bank to register the loan for more than one year. The company was penalized for using the short-term parent-subsidary loan for facilities. (The case occurred at the Binh Duong Branch of the central bank). On the other hand, there are similar cases where a change from short-term to long-term was allowed. So, please consult with a specialist or your banker.

(Other Lending Restrictions: Restrictions on banks lending to a single): Not applicable

V. Other

V-1. Mizuho Bank's Vietnam Offices

Hanoi Branch



Access from the airport
Approximately 40 minutes by taxi

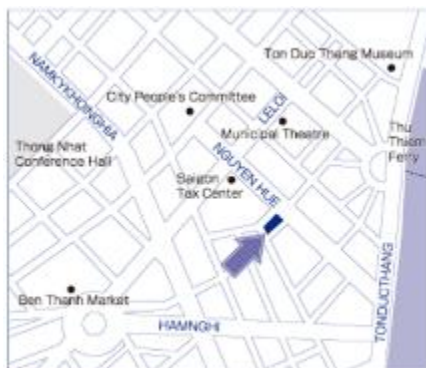
■ Features

- Celebration of 25th anniversary of presence in Vietnam in 2021, being the first Japanese mega bank to start business in Vietnam
- Transactions with Japanese and major Vietnamese state-owned, private enterprises particularly in the manufacturing industry
- Strong relationship with the governments of Japan and Vietnam

■ Address

4th Floor, 63 LTT Building, 63 Ly Thai To Street, Hanoi, Socialist Republic of Vietnam
Tel: 84-24-3936-3123/3124

Ho Chi Minh City Branch



Access from the airport
Approximately 30 minutes by taxi

■ Features

- Transactions with Japanese companies and multinational companies, especially those focused on domestic market demand

■ Address

18th Floor, Sun Wah Tower, 115 Nguyen Hue Boulevard, District 1, Ho Chi Minh City, Socialist Republic of Vietnam
Tel: 84-28-3827-8260/8292

History







- | | |
|------|--|
| 1996 | Opened the first branch of a Japanese bank in Hanoi |
| 2006 | Opened Ho Chi Minh Branch <ul style="list-style-type: none"> • Signed a business cooperation agreement for the purpose of supporting Japanese companies' foreign direct investment projects with Vietnam's Ministry of Planning and Investment, which provides foreign investment licensing/permits and consultation services |
| 2010 | <ul style="list-style-type: none"> • Signed a business cooperation agreement to support large-scale infrastructure projects from a financial perspective with PetroVietnam, a government-run oil and gas corporation that has control over oil and gas upstream development and downstream sectors • Signed a business cooperation agreement to support large-scale infrastructure projects from a financial perspective with Vietnamese National Coal and Mineral Industries Holding Limited (Vinacomin) • Increased capital by a total of US\$237 million at both the Hanoi and Ho Chi Minh branches to comply with the new <i>Law on Credit Institutions</i> |
| 2011 | Signed capital and business alliance with Vietnam's leading state-owned commercial bank, Vietcombank , to improve services for Japanese and non-Japanese customers in Vietnam as part of measures to strengthen the Asian region |
| 2014 | <ul style="list-style-type: none"> • Concluded a business cooperation memorandum to provide useful information to Japanese companies operating in Ba Ria-Vung Tau Province, which is one of the leading export bases in the south with a deep seaport • Became the first Japanese bank to conclude a business cooperation agreement with a state-owned fund, State Capital Investment Corporation, which was established for the purpose of restructuring state-owned enterprises and fostering industries, for the purpose of providing investment information to customers seeking alliances with Vietnamese companies |
| 2015 | <ul style="list-style-type: none"> • Signed a business cooperation agreement with Hanoi Investment, Trade and Tourism Promotion Center, an investment promotion organization of Hanoi City, to enhance the support system for Japanese companies considering investment in Hanoi City |
| 2018 | <ul style="list-style-type: none"> • Concluded a business cooperation memorandum with Vinh Phuc Province in northern Vietnam, on attracting Japanese companies |
| 2021 | <ul style="list-style-type: none"> • Concluded a business cooperation memorandum with the Foreign Trade University in Hanoi on offering a course on corporate collaboration • Concluded a capital and business alliance with M Service, the largest local mobile payment company in Vietnam |

V-2. Outline of Vietcombank

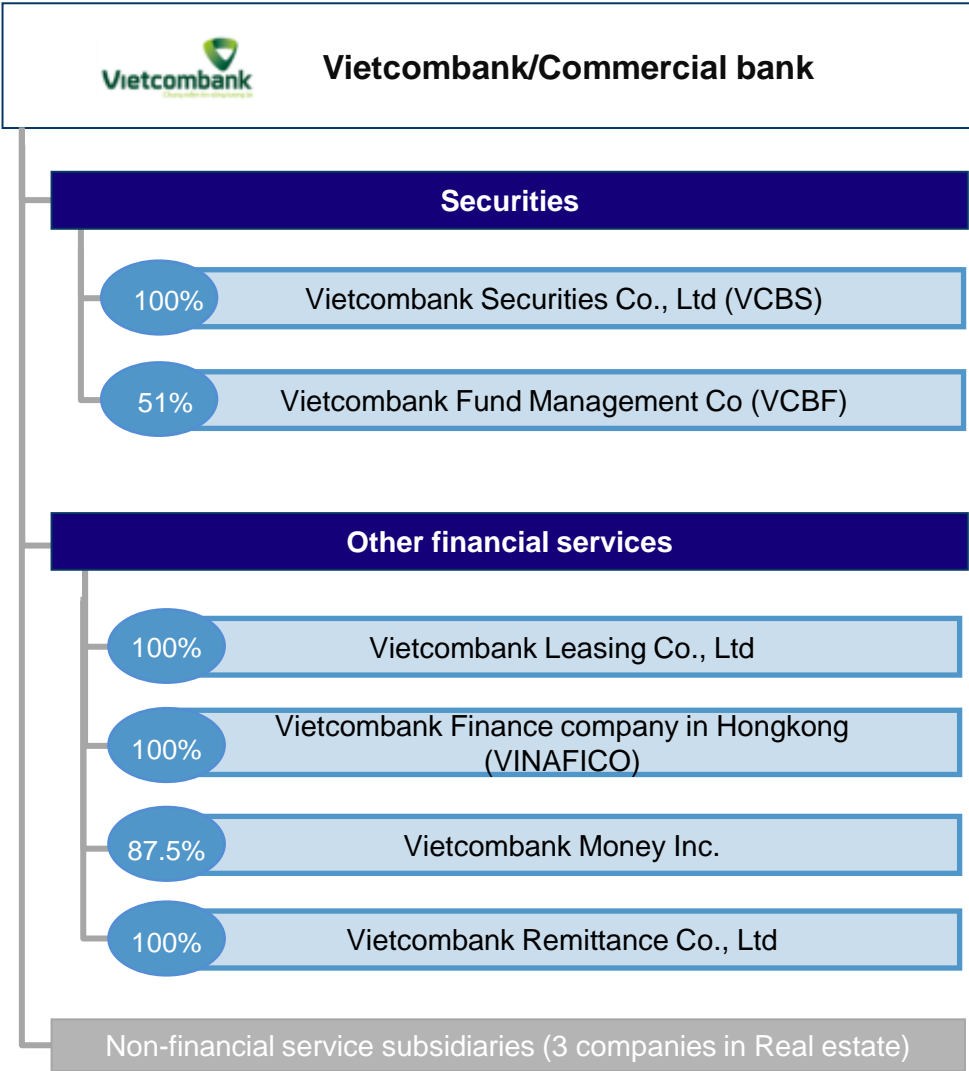
History

1963	Spin off from the Foreign Exchange Bureau of the State Bank of Vietnam as exclusive bank for foreign trade	
1990	Diversified services towards becoming mass market commercial bank	
2007-2008	Conduct IPO for privatization	Six members, including the Deputy President, are currently being sent by Mizuho Bank.
2009	Listed on Ho Chi Minh Stock Exchange (HOSE)	
2011	Singed up Strategic partnership agreement with Mizuho Bank	
Present	Being Top rated commercial bank in Vietnam	

Market position in Vietnam (2023)

	Category	Actual value
	1 st Market capitalization	19 billion
	1 st Capital	7 billion
	2 nd Total assets	77 billion
	3 rd Loan balance	53 billion
	1 st Profit before tax	1.7 billion
	1 st Credit card transactions	12.5 billion
	1 st Foreign exchange	72 billion
	1 st International payments	131 billion

Vietcombank Group companies



V-4. Outline of M Service

- In December 2021, Mizuho Bank partially invested in Online Mobile Services Joint Stock Company (M Service), Vietnam's largest digital payment company with a market share of over 60% in Vietnam's mobile payment market.
- M Service is a Vietnamese digital payment company founded in 2007. It operates a payment app called MoMo that expands digital payments to various payments, payment agent services, movie tickets and travel arrangements, etc., based around e-wallet. Recently, it began providing financial services, such as asset management, loans, and insurance.
- M Service established an extensive affiliated retail network in Vietnam by leveraging its long business history, and its Momo app is positioned as the best-known “super-app” in Vietnam.

Outlines

Company name	MoMo (service brand, Abbreviation) Online Mobile Services Joint Stock Company
Address/Offices	HCMC: District 7, Phu My Hung Tower Hanoi: Tay Ho District, Mercury Building Da Nang: Hai Chau District
Employees	Approx 1,900 (Average age: 25~26) Inclusive of 2 Mizuho expats (from April 2022)
Management	President Anthony Thomas Co-President Phạm Thành Đức CEO Nguyễn Mạnh Tường CFO Shah Manisha Satish
Financing history (Lead)	2007 Establishment 2013 Series A (Goldman Sachs) 2016 Series B (StanChart PE) 2018 Series C (Warburg Pincus) 2020 Series D (Goodwater/WP) 2021 Series E (Mizuho Bank, Ltd ~7.5%)

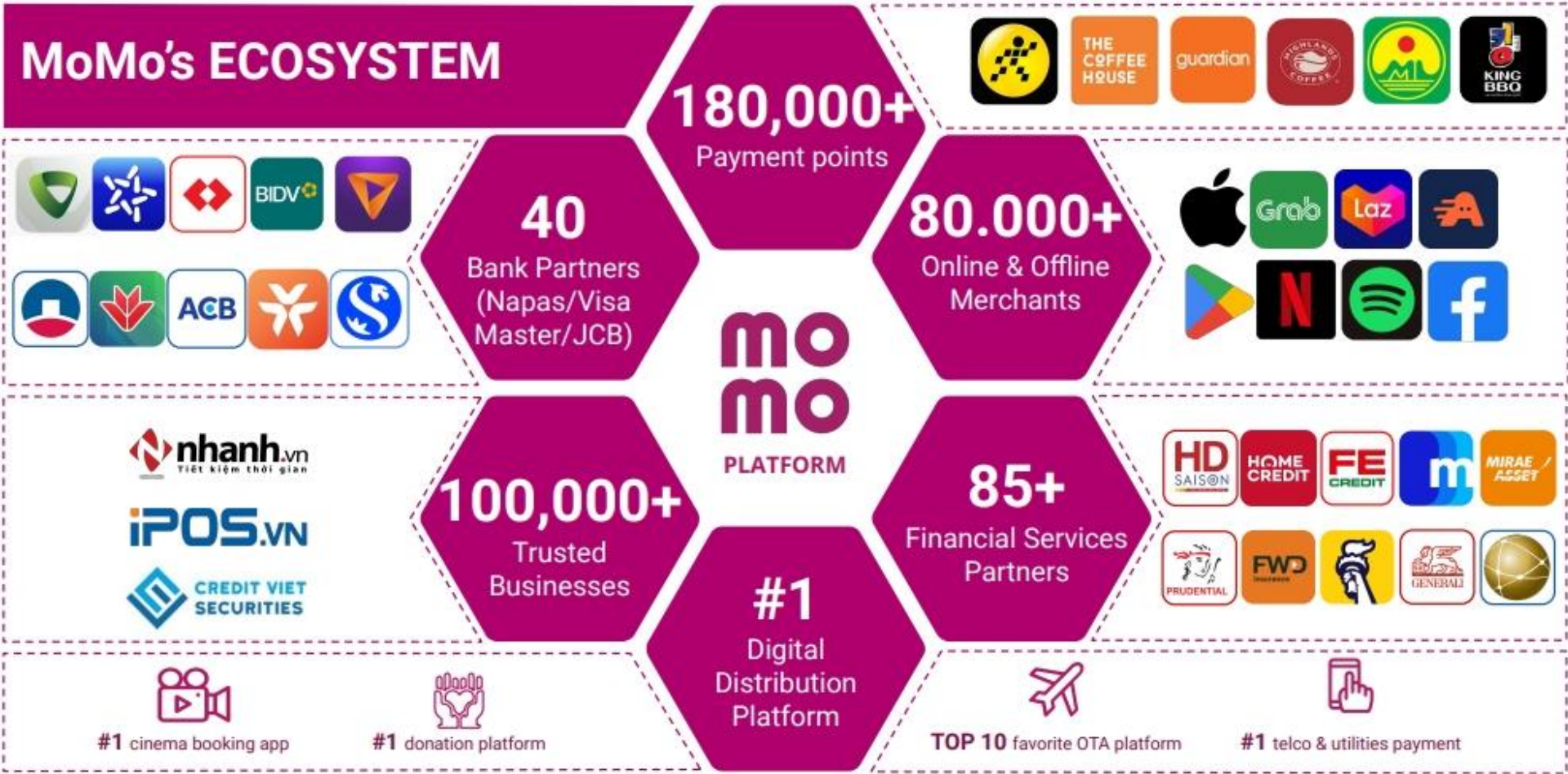
Multi-utility super-app

Users	Offline payment point	Online merchants	Partner banks/CIs
35M+	140K+	5,200+	50+
1 Cash in/out	2 P2P remittance	3 Utility bill payment	4 Movie tickets purchase
5 Online travel note	6 Investment & asset management	7 QR code payment	8 Mobile phone payment
		9 App store payment	10 Personal loan
			11 Agency service for financial institutions
			12 Promotion



V-4. Service Ecosystem

- Operating and expanding the platform by developing services for payment scenes in all aspects of daily life
- Build a unique economic sphere both toB and toC through digitization of procedures, UI/UX, and cashless promotion.



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