



Vietnam - Civil Law

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Incorporating a company in Vietnam

Vietnam taxes

Want to setup a company in Vietnam? This will tell you about the specific tax laws and rates for a LLC - (Wholly Foreign Owned) which is the most common company type in Vietnam.

Vietnam resident entities are liable to corporate tax on their worldwide income. The headline estimated rate for income remitted, from our research, and this is not personal tax advice, is 20%. Vietnam may not have exemptions to transfer in foreign earned profits. Taxes are reasonable in Vietnam as the income corporate tax rate is 20%. This ranks Vietnam as 70th overall in terms of corp. taxation rate internationally. Vietnam may have higher tax rates on income from operations of oil, gas or natural resources. Certain companies involved in certain activities in economically disadvantage areas may have reduced rates of 17%, 15% or full exemption.

The value added tax (VAT) rate is 10.00%, that ranks Vietnam as 46th overall in terms of VAT taxation rate internationally. In terms of other taxation, an employer will contribute 22% to the equivalent of a social security fund and an employee will contribute 10.5%. The overall complexity of the tax system is high. This is measured by average time to comply with a country's labor tax requirements is as it is 335hours. Contributing to this is the number of yearly labor tax payments, which is 1 in VN.

Thin cap restrictions aren't in effect. Thin capitalisation refers to any sort of laws on a business and the debt-to-asset ratios. Dividends between resident companies are not taxable. Dividends received from foreign entities may be taxable, but a tax credit for foreign tax paid up to Vietnam tax rate may be available. A dividend is a payment of earnings of the business, determined by the board of directors, to a class of its shareholders. Dividends can be either cash payments, shares of stock, or other property. Capital Gains are usually subject to Corporate Income Tax. A capital gains tax is levied on the profits that a corporation or natural person realizes when they sell a capital asset for a price that is higher than the purchase price.

There is no withholding tax on dividend payments to non-resident entities. However, a 5% withholding tax may apply if dividends are paid to foreign-individuals. Interest and royalties paid to non-resident entities are subject to a withholding tax rate of 5% and 10%, respectively.

There is no known tax on wealth in Vietnam. There are inheritance and real property taxes. We are aware of popular and well known research and development tax incentives in Vietnam.

The above is not tax or legal advice for your particular circumstances. We are able to refer you to an expert in Vietnam who can properly advise you. Ready to get started? Click the free consultation button above or press incorporate now if you are in a hurry.

The vat rate in Vietnam is 10% which ranks 46 in the world.

- ✘ Patent box
- ✔ RND credit
- ✘ Wealth tax
- ✔ Estate tax
- ✘ Transfer taxes
- ✘ Asset taxes
- ✘ Capital duties

- 47 Tax treaties
- 20% Offshore Tax
- 20% Corp rate
- Loss carryback years
- 217 Corporate time
- 10% VAT rate
- 20% Capital gains
- No AEOI planned

Vietnam Legalese

When looking for a jurisdiction in which to incorporate, the first thing to look at is the legal code. The body of law in Vietnam is civil law. You will want to get some local advice as to how to best structure a company in Vietnam. E-signatures are allowed.

The letters VN is for Vietnam and the most common company structure in Vietnam is a LLC - (Wholly Foreign Owned).

You should expect a wait time of 12 Weeks to incorporate a LLC - (Wholly Foreign Owned) in VN. The minimum share cap is 0, This means you don't have any minimum share capital. The types of consideration you can use to fund your company is frequently any legal tender.

Yes, one is allowed to re-domicile a LLC - (Wholly Foreign Owned) from VN. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LLC - (Wholly Foreign Owned) in VN by yourself. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is tolerated, up to 49% of the total equity of the company.

A company is only required to have 1 director on the board. Furthermore, corporate directors are permitted. Directors should not have an expectation of privacy, as they are not kept private in Vietnam. There is a requirement to have annual meetings of shareholders.

A registered office is a requirement, whom the company will pay yearly, for an address which can receive a service of process on behalf of the registered legal entity. Moreover, a corporate secretary is not required in VN, which can save the company money if you can perform basic corporate governance internally.

There is a legal obligation to file accounts on a yearly basis. Consequently, there is oftentimes a requirement to have these accounts audited.

Overall we think Vietnam is a good option and have given it a score of 81 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✗ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 1 Directors required**
- 12 Weeks to form**

 **VIETNAM**

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Country Info



🚩 National Flag of

**Cộng hòa xã hội chủ
nghĩa Việt Nam (vie)**

\$ Currency

VND

☎ Area Code

+84

🏙 Capital

Hanoi

📍 Region

South-Eastern Asia

🗣 Native Languages

Vietnamese