

TAX, ACCOUNTING AND AUDIT IN VIETNAM 2016

(2th Edition)

- I. An Overview of Vietnamese Taxation
- II. Vietnam's Business Taxes
- III. Other Taxes
- IV. Individual Income Tax
- V. Accounting, Audit, and Compliance
- VI. International Taxation



Disclaimer

This edition of Tax, Accounting and Audit in Vietnam was produced by a team of professionals at Dezan Shira & Associates, with Maxfield Brown as technical editor and Dustin Daugherty as senior editor.

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Preface

Taxation permeates business transactions in Vietnam, and a strong understanding of tax liabilities enables foreign investors to maximize the tax efficiency of their investments while ensuring full compliance with all tax laws and regulations.

Vietnam Briefing's Tax, Accounting, and Audit Guide for 2016, produced in collaboration with the tax experts at Dezan Shira & Associates, aims to provide an overview of taxes for businesses and individuals in Vietnam, as well as fundamental accounting and audit information for the Vietnamese business context.

This guide was first created in mid-2014 based on the information available at the time and has been updated as of December 2015. As the tax situation of each enterprise is unique and Vietnam's regulatory environment is subject to change, it is advisable to seek professional tax advice specific to your business.

Dezan Shira & Associates is a specialist foreign direct investment practice providing corporate establishment, business advisory, tax advisory and compliance, accounting, payroll, due diligence and financial review services to multinationals investing in emerging Asia.

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Dezan Shira & Associates is a pan-Asia, multi-disciplinary professional services firm, providing legal, tax and operational advisory to international corporate investors. Operational throughout China, India and ASEAN, our mission is to guide foreign companies through Asia's complex regulatory environment and assist them with all aspects of establishing, maintaining and growing their business operations in the region. With more than two decades of on-the-ground experience and a large team of lawyers, tax experts and auditors, in addition to researchers and business analysts, we are your partner for growth in Asia.

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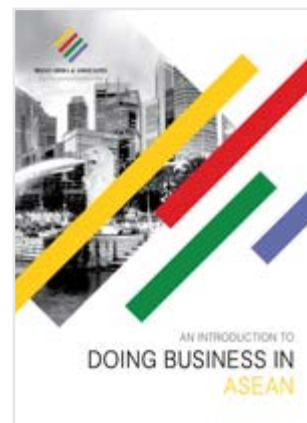
Dezan Shira & Associates Vietnam

Dezan Shira & Associates expanded into Vietnam in 2008, and quickly set up offices in Hanoi and Ho Chi Minh City (HCMC). The year 2008 also saw the launch of *Vietnam Briefing*, which has now become a premier source of business intelligence related to Vietnam.

Our staff includes a growing number of Vietnamese chartered accountants and lawyers, all of whom have multiple years of experience advising foreign companies.

Specifically, our services include pre-investment and entry strategy advisory, business advisory, accounting and reporting, treasury administration, tax and compliance, payroll and human resources, and audit and financial review. Dezan Shira & Associates' experienced business professionals are committed to improving the understanding and transparency of investing in emerging Asia.

Our business advisors, tax experts and accountants in Hanoi and Ho Chi Minh City can help with any questions related to establishing or conducting your business in Vietnam. To talk to a Hanoi or HCMC accountant or business consultant, please contact us today.



An Introduction to Doing Business in ASEAN 2015

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Navigating Tax and Accounting in Vietnam

Navigating tax and accounting policy can be a confusing process even for the most prepared business professional. It is therefore recommended that businesses take a careful look at all relevant regulations and engage a professional where appropriate to ensure proper compliance with all laws.

In Vietnam, most businesses and investors will find themselves subject to some form of tax. Once registered, all companies, whether or not they are operational or profit centers, must file tax declarations.

Companies and individuals are subject to a range of taxes in Vietnam - these include corporate income tax (CIT), value-added tax (VAT), and personal income tax (PIT). Complicating matters are the range of double taxation agreements (DTA) to which Vietnam subscribes. Careful application of the tax regulations and the relevant DTA can greatly improve the taxpayer's outcome.

All taxes in Vietnam are imposed at the national level, i.e. there are no local, state or provincial taxes. Enterprises should pay tax in localities where they are headquartered or have duly registered branches.

Most companies and foreign investors in Vietnam are subject to the following major taxes:

- a. Business license tax
- b. Corporate income tax
- c. Value-added tax
- d. Special consumption tax
- e. Foreign contractor tax
- f. Customs duties
- g. Personal income tax

Additionally, there are a number of important tax incentives that can create a further favorable tax environment to operate in. It should be noted that many of the tax incentives and DTA can be confusing and it can be difficult to discern whether or not a company qualifies. Therefore it is strongly suggested that you engage professional advice before moving ahead with any specific tax plan.



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