



DEZAN SHIRA & ASSOCIATES

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An Introduction to

Doing Business in Vietnam 2017





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This edition of Doing Business in Vietnam was produced by a team of professionals at Dezan Shira & Associates, with Samuel Wrest as Managing Editor and Maxfield Brown, Dustin Daugherty, and Mike Vinkenborg as Technical Editors. Creative design of the guide was provided by Jessica Huang, Kking Lu and Belen Rodriguez.

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About Dezan Shira & Associates

At Dezan Shira & Associates, 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. Since its establishment in 1992, Dezan Shira & Associates has grown into one of Asia's most versatile full-service consultancies with operational offices across China, Hong Kong, India, Singapore and Vietnam, as well as liaison offices in Italy, Germany and the United States, and partner firms across the ASEAN region. With over 25 years of on-the-ground experience and a large team of professional advisers, we are your reliable partner in Asia.

Preface



ALBERTO VETTORETTI
Managing Partner
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Despite a weak global economy, major foreign investors continue to prioritize their investments into Vietnam. The country is steadily becoming an important manufacturing base for electronics makers who are searching for the next location in the world that is able to provide a well-educated and low-cost workforce. On the heels of major investments from the likes of Samsung, Foxconn Technology Co., Intel Corp., LG Electronics and Canon Inc., investors are also beginning to drastically expand their investments into the country. The steady inflow of capital sends a strong signal that Vietnam not only looks attractive from the outside but can retain value for investors at a variety of locations on the value chain.

Vietnamese businesses are optimistic about the economic future of the country and are also looking to grow their businesses to meet upcoming demand. A prime example is VietJet, a discount airline that is aggressively expanding its operations throughout the country. In a groundbreaking move, and one that is highly indicative of Vietnam's rapidly emerging business environment, Vietjet has chosen to raise capital via IPO rather than through conventional debt markets.

The country has a growing workforce; however, there is still a noticeable lack of high-tech skills among job seekers. The Vietnamese government is pushing ahead with skills training programs. Foreign companies are also investing in the future of the country's workforce. Intel is leading a group of technology companies, including Siemens, to train Vietnamese workers by funding training programs intended to develop a high-tech workforce within the country.

An additional reason to be positive about Vietnam is the soon to be implemented European Union Vietnam Free Trade Agreement (EVFTA) which will place Vietnam in a prime position vis-à-vis tariff free trade links with some of the biggest markets in the world. Furthermore, the proposed Trans-Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP) could accelerate growth in Vietnam and ASEAN even further in the years to come.

On top of this, research shows encouraging results on the efforts to improve the ease of conducting business in Vietnam. Vietnam ranks 82nd out of 190 countries in the World Bank's "Doing Business 2017" overall ranking, up 9 positions from 2016. Similarly to the overall improvements of doing business in 2017, several aspects of Vietnam's investment environment show significant movement; however, areas for improvement prevail:

- "Paying taxes" rose 11 positions year-on-year to 167,
- "Protecting investors" rose 31 positions to 87,
- "Starting a business" is ranked at only 121 (falling 10 positions year-on-year), while
- "Resolving insolvency" ranks at 125 (rising 1 position year-on-year).

This publication, designed to introduce the fundamentals of investing in Vietnam, was compiled by Dezan Shira & Associates, 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 Vietnam



TAM NGUYEN

Manager
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Dezan Shira & Associates expanded to 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 you 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.

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