Doing Business in Viet Nam

A reference guide for entering the Viet Nam market

pwc

VCCI
VIETNAM CHAMBER OF COMMERCE AND INDUSTRY

Contents

Contents

This Guide includes information obtained or derived from a variety of publicly available sources. PwC has not sought to establish the reliability of these sources or verified such information.

The information contained in this document is of a general nature only. It is not meant to be comprehensive and does not constitute financial, legal, tax or other professional advice.

You should not act upon the information contained in this publication without obtaining specific professional advice. Whilst every care has been taken in preparing this document, PwC makes no guarantee, representation or warranty (expressed or implied) as to its accuracy or completeness, and under no circumstances will PwC be liable for any loss caused by reliance on any opinion or statement made in this document. Except as specifically indicated, the expressions or opinions are those of PwC only and are subject to change without notice. This document shall not be copied, reproduced, transmitted or further distributed by any recipient.

The materials contained in this document were assembled in July 2020 and were based on the laws enforceable and information available at the time.

H.E. Nguyen Xuan Phuc
Prime Minister of Viet Nam

“We are at a new turning point in history, caused by the pandemic known as COVID-19. Rarely has there ever been a health crisis that affected nearly every country and territory as the COVID-19 pandemic has.

Economically, this health crisis has affected all aspects of the economy, from supply to demand, from the financial market to the real economy, from production to consumption, from industries to services, from aviation to tourism, from domestic trade to foreign trade, from oil to automobile, from developing to developed countries. Regardless of large or small scale, no economy is immune from its impact.

Despite this bleak prospect, Viet Nam ranks 12th out of 66 emerging markets in terms of financial strength. This shows that the long-term growth potential of Viet Nam is enormous and resilient even in the most challenging times. It also highlights the country’s efforts in reinforcing and improving major balances of the economy are paying off. Viet Nam has been pursuing a “dual target”, to combat the pandemic on the one hand, and to sustain economic activity alongside continued institutional and structural reforms on the other. This is so that the fire of growth will continue to glow and shall rise again as soon as the pandemic is under control.

The recent Economist report considers Viet Nam as one of the safe economies after the pandemic with regards to public debt, foreign debt, loans and foreign reserve. In addition, the World Bank sees that Viet Nam’s macro-economy is stable with low government debts, and a considerable fiscal space in place - including a large foreign reserve and timely lowering of interest. Among the ASEAN-5 countries, Viet Nam has the best prospect for growth. We have signed dozens of free trade agreements, thus opening up an unprecedented space for smooth access to the international market.

It can be said that this shift in the value chain is causing Viet Nam to be viewed as the heart of the chessboard, that any player would want to win over.”

Quoted speech of the Prime Minister at the live-broadcast online conference themed “Conference between Prime Minister and Enterprises: Working together, overcoming challenges, seizing opportunities, restoring the economy”, which took place on May 9.

Welcome to the New Normal

Vu Tien Loc
Chairman & President
Vietnam Chamber of Commerce and Industry

Dinh Thi Quynh Van
General Director
PwC Viet Nam

2020 marks the 9th edition of the Doing Business Guide in Viet Nam – an annual publication prepared by PwC Viet Nam and VCCI, which aims to provide useful insights for your business plans in Viet Nam. We, have decided, however to produce a "Special Edition", reflecting the global reach of the current COVID-19 pandemic and its impacts upon the socio-economic life of Viet Nam.

Starting in December 2019 when the World Health Organization (WHO) – Office in China announced the first case of COVID-19 in Wuhan City, to date there have been over 4.5 million people globally affected by the COVID-19. Viet Nam's first reported case was on 23 January 2020 and at the time of writing (ie. 29 July 2020), there were 459 confirmed cases and 0 fatalities. This, despite the fact that the country borders China and has a population of over 96 million. Viet Nam was able to achieve this through it's "over-reaction" and early measures in aggressive contact tracing, testing, mass quarantining as well as timely and efficient mobilization of different state agencies (ie. armed forces) to disinfect or lock down specific COVID-19 hot spots. These lessons are now being used to handle the new wave COVID-19.

Life has returned to normal in Viet Nam since mid – May, however we are on high alert again after the 1st local case detected after remaining COVID-19 free for almost three months. We are expecting further challenges for Viet Nam in the coming months. While economic forecasts are continuously being revised, we believe that the COVID-19 could be the catalyst for an effective, although unpleasant, economic transformation.

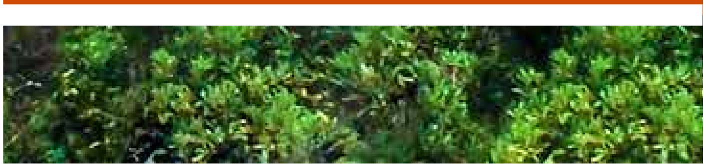
The impact of COVID-19 to Viet Nam's economy is inevitable since it is closely linked with other economies. Given the current situation where the U.S. and EU markets (making up a large share of Viet Nam's export) have been swept up in this health crisis, export value is forecasted to decline. Being a manufacturing oriented-economy, processing and manufacturing industries were most heavily impacted with 1.2 million jobs affected; followed by wholesale and retail, 1.1 million; plus accommodation and catering services, 740,000, according to the General Statistics Office.

Viet Nam, as other economies, is being hit hard by the COVID-19 outbreak, yet the economy remains resilient, as per World Bank's statement2. In the first 6 months of 2020, Viet Nam still recorded GDP growth of 1.8%, which is considered positive compared to other major economies in the world such as the U.S., Japan and the EU. Newly registered capital in Viet Nam was up by 13.8% (by value), against the similar period last year. The government has paid considerable effort in both protecting peoples' health and restoring the economy.

To date, the global impact of that COVID-19 disease is still unpredictable. We might be better prepared to coexist with the COVID-19, embracing the impact in our daily life. We, however believe that by standing united and acting with greater resolve in a "Cohesive and Responsive" spirit will help us to overcome challenges posed by the COVID-19, restore stability to our peoples' lives, and promote sustainable growth.

(1) Retrieved from WHO's website as of 23 July 2020 (https://www.who.int/emergencies/diseases/novel-coronavirus-2019)

(2) World Bank, East Asia and Pacific in the Time of COVID-19, April 2020



Viet Nam: The road to integration

1986

Doi Moi (Renovation)

More than 30 years ago, economic reforms collectively known as "Đổi mới" were initiated in Viet Nam with a goal of creating a "socialist-oriented market economy". The country started to open up to foreign investment and trade.

1993

Partnership with World Bank, IMF...

Partnerships with the World Bank, IMF and other international organisations started in 1993. These have made important contributions to Viet Nam's remarkable socio-economic development over the past few decades.

1995

ASEAN membership & Normalisation of US - Viet Nam relations

Since becoming the 7th member of Association of Southeast Asian Nations (ASEAN) in 1995, Viet Nam has forged new bilateral and multilateral relations within ASEAN, and actively engaged in the regional economy. In the same year, Viet Nam and the U.S. announced the formal normalisation of their diplomatic ties, followed by booming trade volumes between the two countries in the years that followed.

1998

APEC membership

About 20 years ago, in 1998, Viet Nam joined the Asia - Pacific Economic Cooperation (APEC), which was a big step forward in Viet Nam's efforts in multilateralisation and international economic integration. Becoming an APEC member has had a positive impact on Viet Nam's development and reforms.

2007

WTO accession

Another key turning point was Viet Nam's accession to the World Trade Organisation (WTO) in 2007. The accession to the WTO opened a wide door for the country to enter the global playground with bilateral and multilateral free trade agreements. Over a decade of joining WTO, the economy has been reformed, graduall increasing the GDP contributions of industry and services while at the same time reducing the dominant share of agriculture.

2008

Viet Nam-Japan Economic Partnership Agreement (VJEPA)

The Agreement between Viet Nam and Japan for an Economic Partnership (VJEPA), signed in 2008, was the very first bilateral FTA for Viet Nam after the country joined the WTO. VJEPA has had positive economic consequences for both Viet Nam and Japan.

2015

Participation in the ASEAN Economic Community (AEC)

The official establishment of the ASEAN Economic Community (AEC) has been a landmark for ASEAN in moving from a less developed region to a much more prosperous and dynamic region. Deeper integration into the AEC in the coming period is expected to bring new opportunities for Viet Nam.

2018

CPTPP signed

The Vietnamese National Assembly passed a resolution approving the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and related documents in 2018. The agreement will open up new opportunities for trade and create more motivation for Viet Nam to reform its economic institutions and business environment.

2019

EVFTA signed

The EU - Viet Nam Free Trade Agreement (EVFTA) and the Investment Protection Agreement (EVIPA) were signed in June 2019 in Hanoi. These agreements introduce a new era for both sides to further bilateral trade and investment cooperation. This agreement is expected to play a critical part in bringing new opportunities for market diversification and help Viet Nam to reduce its reliance on certain trade partners.

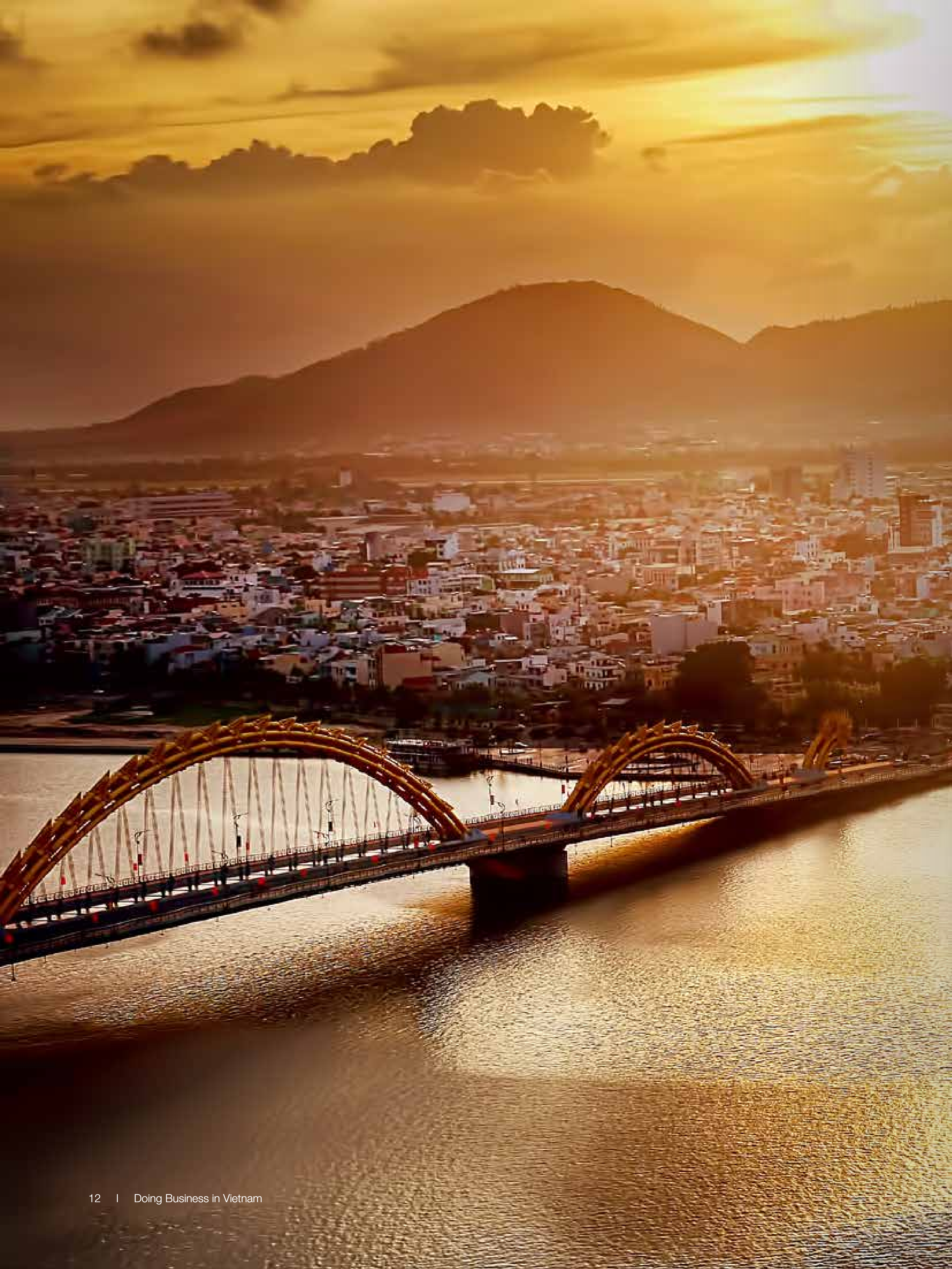
2020

EVFTA ratification

The EU - Viet Nam Free Trade Agreement (EVFTA) and the Investment Protection Agreement (EVIPA) was signed in June 2019 in Hanoi. The deal was ratified by the European Parliament on February 12, 2020 and by the Vietnamese National Assembly's ratification on June 8th 2020. As such, the agreement is expected to take effect in August. The European Commission has described the EVFTA as the most ambitious free trade deal ever inked with a developing country. EVFTA is believed to give a much-needed boost to Viet Nam's industries, such as manufacturing, and create new motivation for exports post COVID-19 pandemic.

Viet Nam's ASEAN Chairmanship

As both the ASEAN Chair for 2020 and a non-permanent member of the United Nations Security Council for 2020-2021, Viet Nam has opportunities to achieve deeper integration in the region and the world. By choosing the theme of 'Cohesive and Responsive' for ASEAN Viet Nam 2020, the country wishes to highlight the decisive role of solidarity and unity in maintaining the sustainability of ASEAN.



Viet Nam is an attractive and safe investment destination in the region

Following its accession to the WTO in January 2007, a notable trait of the Vietnamese economy over the past decade has been its substantial and increasing interconnection with other economies, via trade and investment. The country has opened its door to cross-border trade and investment, and undergone various institutional and policy reforms. New bilateral and multilateral relations have been forged, giving Viet Nam impetus to adhere to international standards of doing business.

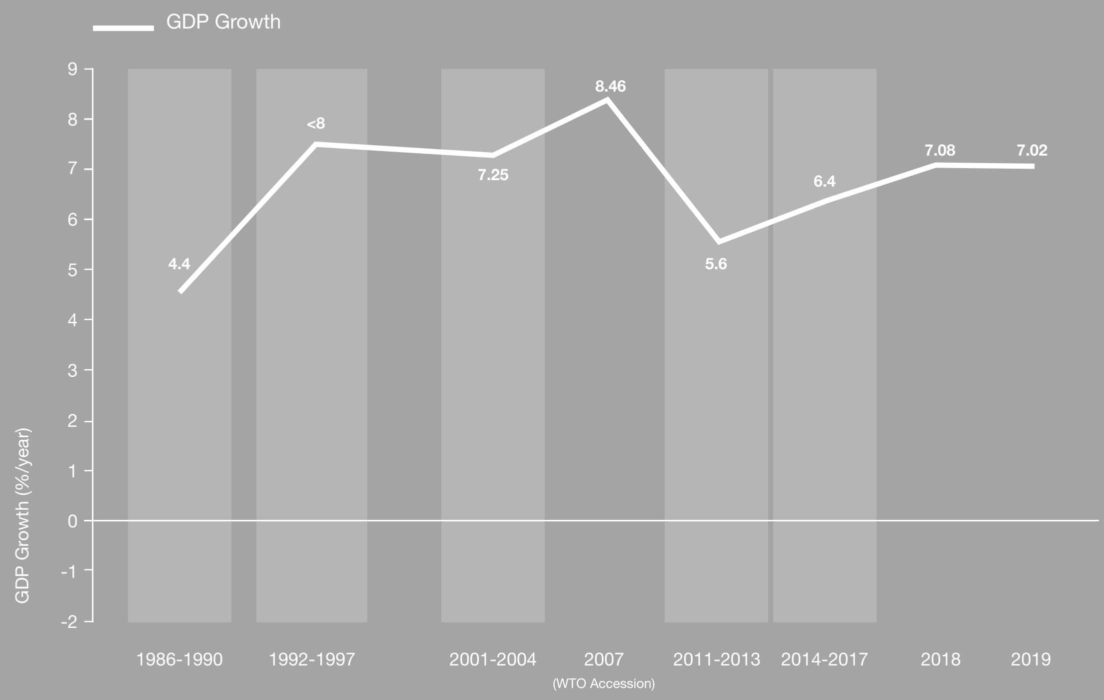
2020 has been a challenging year not just for Viet Nam but also the rest of the world with the outbreak of COVID-19 and resulting economic hardship. Nevertheless, international organisations as well as WHO have praised Viet Nam for the swift responses and initial successes in combatting the COVID-19. Successful containment of the COVID-19 has cemented the position of Viet Nam as an attractive and safe investment destination in the region before and post the pandemic. Before the pandemic, foreign investors had eyed Viet Nam as a promising location to expand their supply chains besides China and this trend is likely to continue in the mid and long terms after the pandemic. This year has also marked an important milestone in Viet Nam's economic integration, proven by the implementation and ratification of the EVFTA / EVIPA, and the effort to conclude the RCEP (Regional Comprehensive Economic Partnership) in 2020. Within ASEAN, the country is implementing its commitments to cut 98% of tariff lines. In terms of trading with the Republic of Korea, Japan and Australia, Viet Nam is reducing taxes for products on the sensitive list.

By proactively realising those commitments and pledging to create favourable conditions for foreign enterprises, the country is also reaffirming its important geopolitical status in South East Asia and the Asia-Pacific region.

From possessing a convenient location in the region to unlocking some achievements in institutional reform, Viet Nam remains an attractive and safe investment destination in the region.

Viet Nam economy: A strong 2019

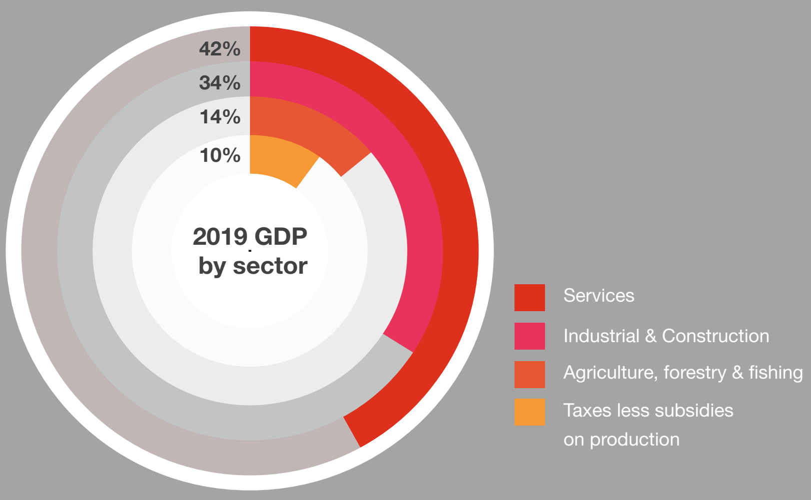
Over 30 years since Doi Moi (in 1986), Viet Nam's economy has grown from being one of the poorest in the world to one of the rising stars of the emerging markets, according to the World Economic Forum (WEF).



In 2019, Viet Nam's economy maintained its economic growth momentum, showing fundamental strength and resilience, supported by vigorous domestic demand and export-oriented manufacturing. GDP grew by about 7.02% in 2019, very close to the 7.08% rate recorded in 2018, and one of the fastest growth rates in the region.

7.02%

GDP growth in 2019, marks the second consecutive year Viet Nam has had GDP expansion of over 7% since 2011.



Source: General Statistic Office of Viet Nam, 2020

In terms of economic structure, the services sector remained the largest part with 42% while industrial and construction accounted for 34%. The agriculture, forestry and fishery sector made up about 14% of GDP in 2019. Product taxes less subsidies on production accounted for the rest of 10%.

Two of the major drivers that have been essential for the previous growth and economic development are: (1) foreign direct investment in the country, and (2) the country's capacity for export.

Foreign direct investment to Viet Nam achieved US$38 billion in 2019, hitting a 10-year high and constituting a year-on-year increase of 7.2%. The disbursement of FDI capital also saw a yearly increase of 7% to US$20.38 billion.

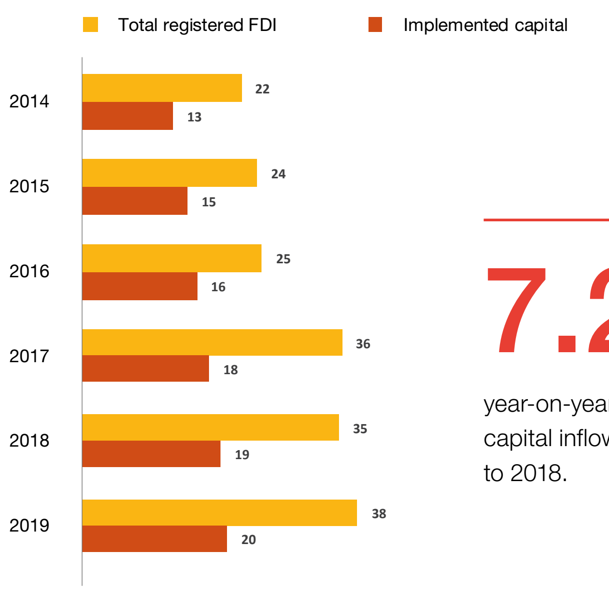
Among the 125 countries and territories investing in Viet Nam during the year of 2019, South Korea is the leading source of FDI with US$7.92 billion, accounting for 21% of the total.

Hong Kong moved up to the next place with US$7.87 billion, mainly contributed by US$3.85 billion acquiring shares in the Viet Nam Beverage Ltd Co. Singapore ranked third with US$4.5 billion, followed by Japan and China.

Noticeably, investment from Hong Kong and mainland China rocketed compared to that of 2018, due to the impacts of U.S.-China trade war. FDI from China increased 1.65-fold and from Hong Kong 2.4-fold year-on-year.

Foreign investment capital inflow (2014 - 2019)

Unit: US$bn



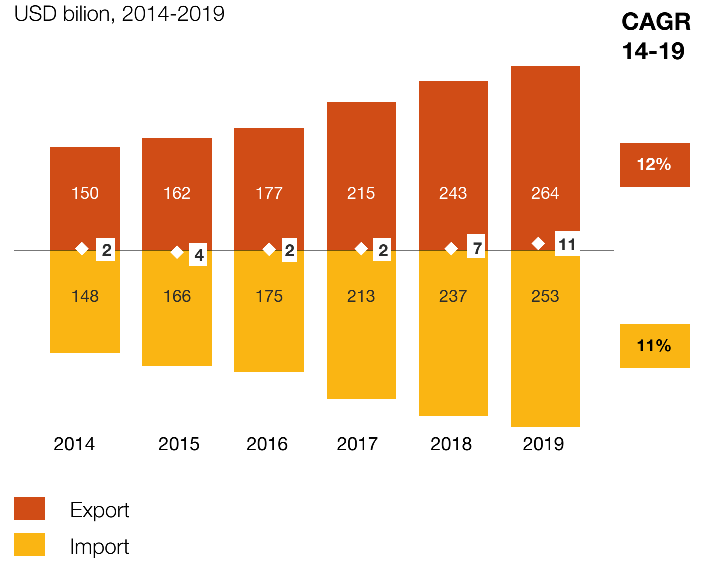
Source: Ministry of Planning and investment of Viet Nam, 2020

7.2%

year-on-year growth in foreign capital inflow in 2019, compared to 2018.

Annual aggregate trade balance

USD bilion, 2014-2019



2019 was another upbeat year for Viet Nam in terms of foreign trade with a total amount of about US$517 billion, up 7.6% year-on-year, with a record trade surplus of US$11 billion.

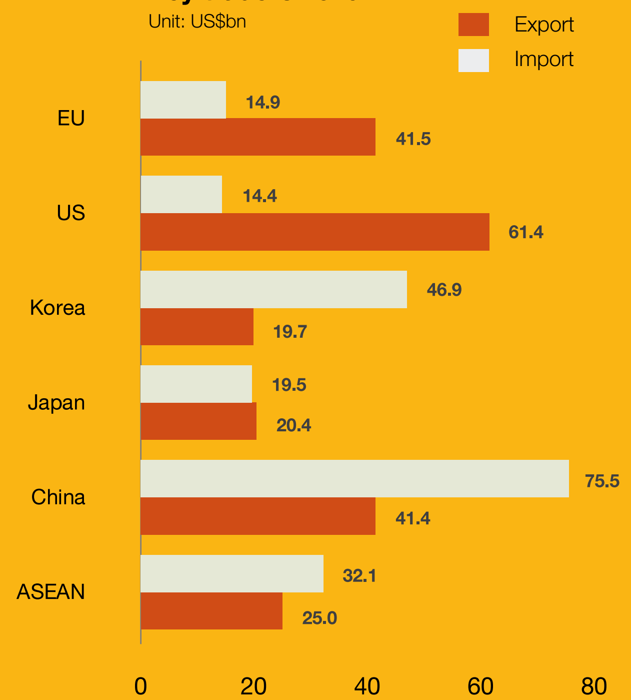
Exports in 2019 increased 8.4% to US$264 billion, while imports rose 6.8% to US$253 billion, according to the Custom Department. Consistent growing export has been the key to Viet Nam's continuous economic growth. This has been driven by the growth in the overall imports from Europe and the U.S.; and the substantial gains in market share in Europe and in the U.S. over the previous decade.

Viet Nam's trade surplus with the United States – the second largest export market, widened to US$47 billion in 2019 from US$35 billion a year earlier. With regards to EU markets, trade is expected to increase in light of the EVFTA agreement.

In 2019, consumer electronics as a whole accounted for 25% and 41% of the total exports to the U.S. and the European Union and United Kingdom, respectively. Textiles/ Garments (including footwear) accounted for 35% and 22%, respectively.

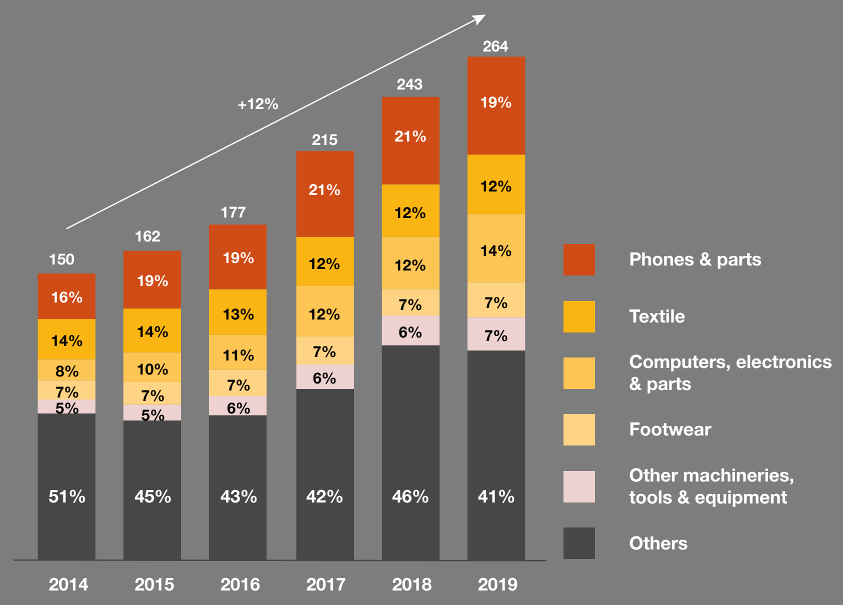
Key traders 2019

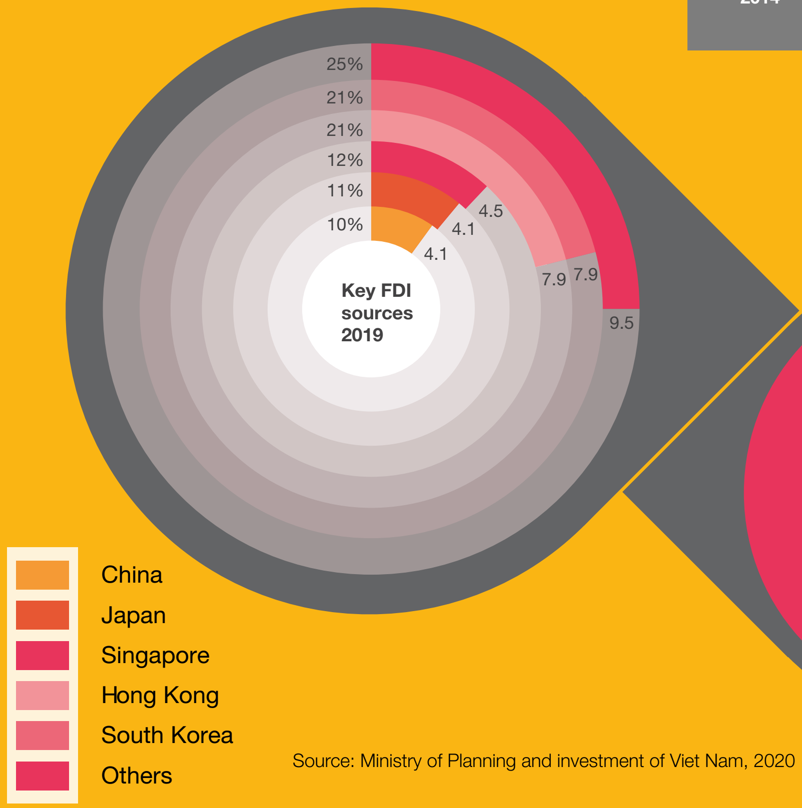
Unit: US$bn



Top export products (2015 – 2019)

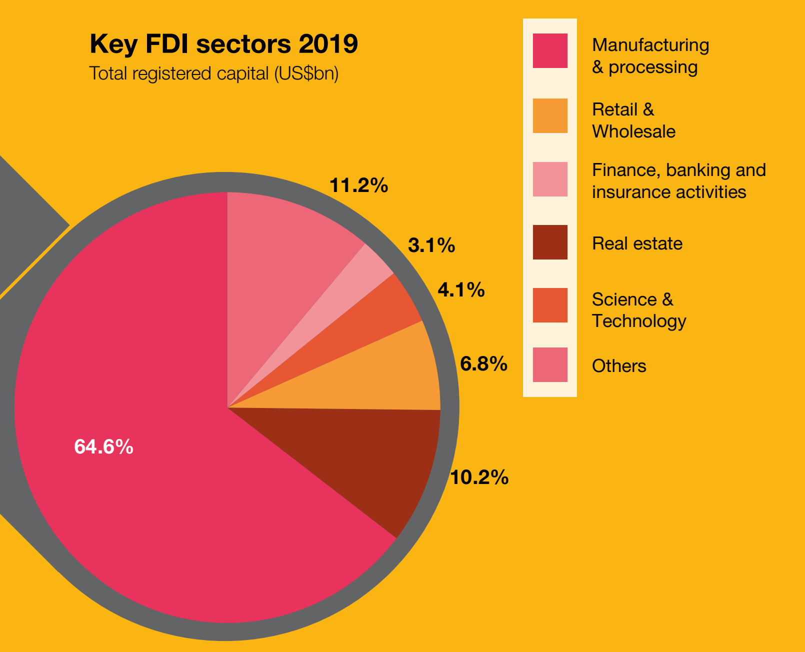
Unit: US$bn





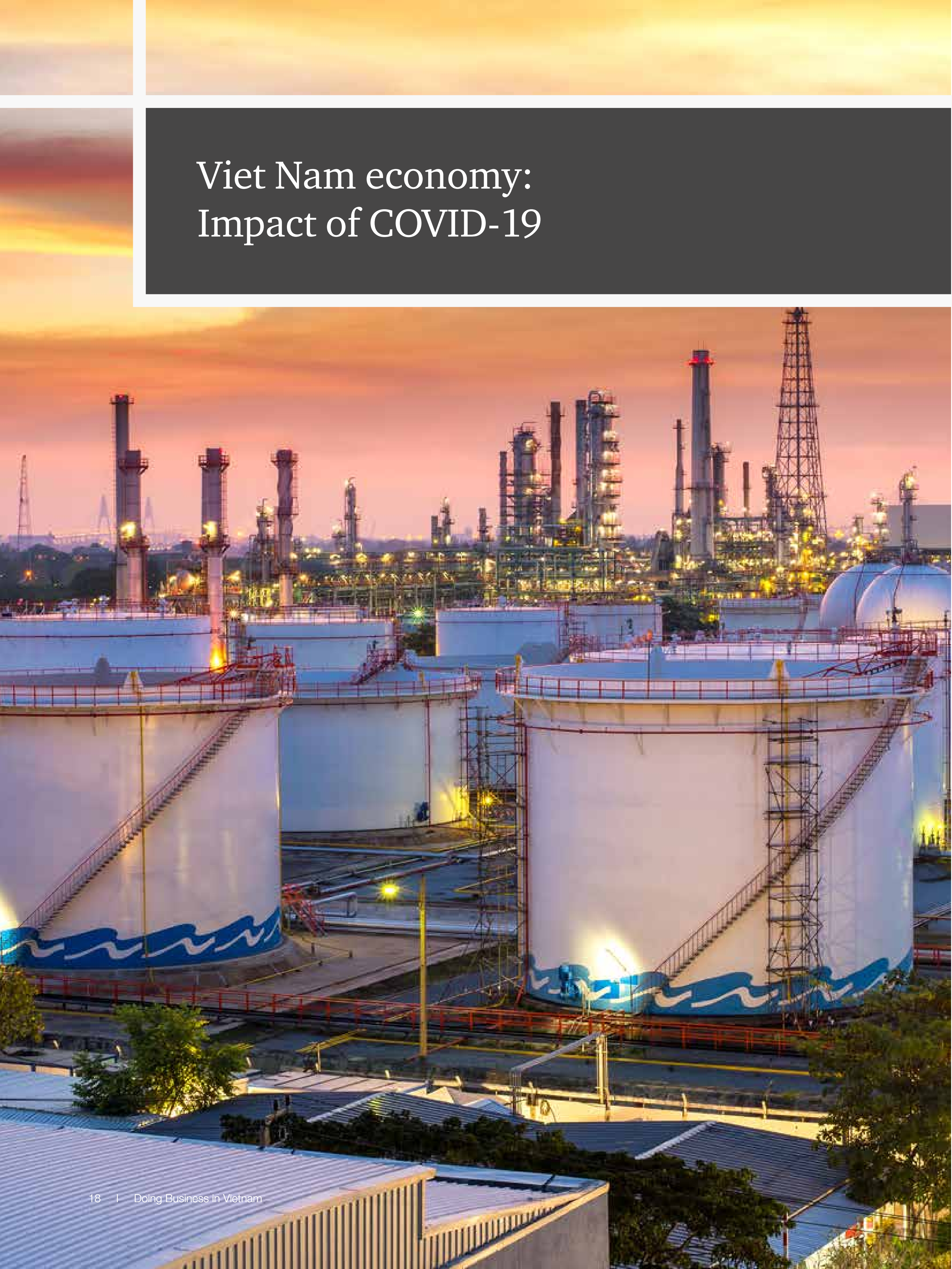
Key FDI sectors 2019

Total registered capital (US$bn)



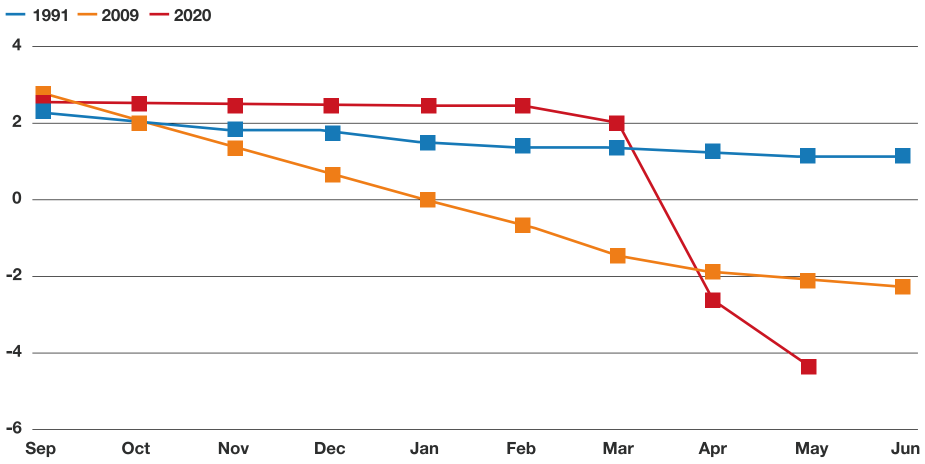
Source: Ministry of Planning and investment of Viet Nam, 2020

Viet Nam economy: Impact of COVID-19



A global economic crisis, created by a rare disaster, a COVID-19 pandemic

Consensus forecasts of global GDP (percent)



A global recession, caused by COVID-19 pandemic, has created an unprecedent health and economic crisis. Although the impact varies by region, none are untouched.

Countries began implementing quarantines and social distancing practices from February to contain the pandemic, and many key markets are still experiencing at least partial lockdown as at the time of this writing. According to the World Bank's analysis as of June 2020, the global economy will experience the deepest recession since the end of World War II, with a 5.2% contraction in global GDP in 2020 (baseline forecast).

Nevertheless, this is just one of many scenarios which is heavily dependent on the development of the COVID-19 and the vaccine research. Almost all countries are expected to be negatively affected by the impact of the pandemic. With the exception of East Asia, all regions will report negative GDP growth rates in 2020, stated by the World Bank[3]. If the pandemic lasts longer than forecast, saying to continues into 2021, GDP growth rate may fall by an additional 8% compared to first scenario.

As recent as April 2020, the IMF published a blog entitled "The Great Lockdown: Worst Economic Downturn Since the Great Depression" which highlights the fact that as countries implement necessary quarantines and social distancing practices to contain the pandemic, the world has been put in a Great Lockdown. This pandemic has impacted all economies - whether advanced, emerging or developing, making this Great Lockdown far worse than the Global Financial Crisis.

For 2020, growth in advanced economies is projected at -6.1% by IMF. Emerging market and developing economies, on the whole, are also projected to have negative growth rates of -1.0% this year (including China).

5.2%

contraction in global GDP in 2020 (baseline forecast)

(3) World Bank, Taking stock: "What will be the new normal for Vietnam? The economic impact of COVID-19, July 2020

Global COVID-19 heat map

Industries tied to travel, discretionary spending have greatest exposure

High exposure

- Apparel
- Automotive Manufacturers
- Automotive Suppliers
- Consumer Durables
- Gaming
- Lodging/Leisure & Tourism
    - Includes Cruise Lines
- Passengers Airlines
- Retail (non food)
- Global Shipping

Moderate exposure

- Beverages
- Chemicals
- Manufacturing
- Media
- Metals & Mining
- Oil & Gas/ Oilfield Services
- Property Developers (China)
- Protein & Agriculture
- Services Companies
- Steel Producers
- Technology Hardware

Low exposure

- Construction/ Materials
- Defense
- Equipment & Transportation
- Packaging
- Pharmaceuticals
- Real Estate, REITS
- Food/ Food Retail
- Telecoms
- Waste Management

The spreading impact of COVID-19 shows how integrated the global economy is and how businesses are increasingly reliant on supply chains that include China. COVID-19 is a fast-changing risk that should be actively monitored by businesses and policymakers. According to Moody's Investors Services, various sectors suffer from higher exposure to COVID-19, where industries related to travel have the highest exposure, followed by textiles, retail, and global shipping.

First and foremost, the travel and tourism sector – which prior to the pandemic, was expected to contribute to around 11.5% of global GDP (ILO, 2020), has been severely hit. Civil aviation and retail and consumer sectors, which have a very strong linkage to tourism arrivals, are also top in the most affected sectors. According to the United Nations World Tourism Organization (UN WTO), international tourism fell 22% in Q1 and could decline by 60-80% over the whole year. Southeast Asian countries, including Viet Nam, Cambodia, Malaysia and Thailand are especially affected, as in each of these markets, tourism contributes approximately 5% to GDP (World Bank, 2020).

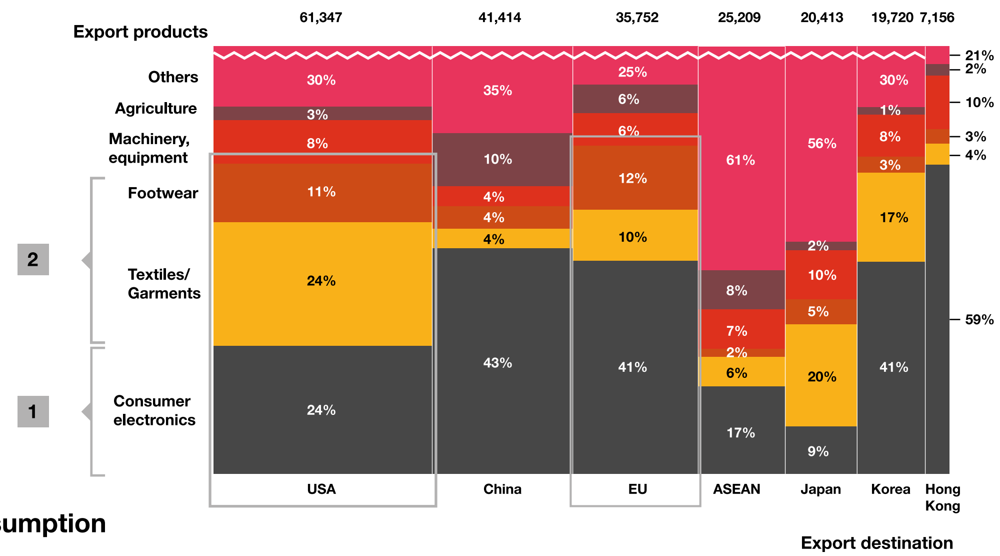
The textiles, clothing, leather and footwear industries (collectively referred to as apparel) have also been impacted by the COVID-19. Quarantine measures, closure of retail stores, illness, and salary reductions have suppressed consumer demand (ILO, 2020). Small and medium-sized enterprises (SME), a vital source of employment and growth in this highly globalised industry, are likely to suffer the greatest impact of this global crisis. The impact of the COVID-19 crisis has been reflected in a sharp drop in apparel product sales, for instance in the European Union, the textile and apparel sector is forecast to face a potential 50% drop in sales for 2020.

In summary, GDP losses are expected in emerging markets in the Asia Pacific region due to a fall in external demand for their manufacturing exports, tourism decline and the disruption in the supply chains into which they are integrated. Many of the countries, like Viet Nam and Cambodia, rely on imported inputs for exports though others (China, for example) will feel the impact more seriously than the others.

Sluggish economic prospects for Viet Nam's key export markets

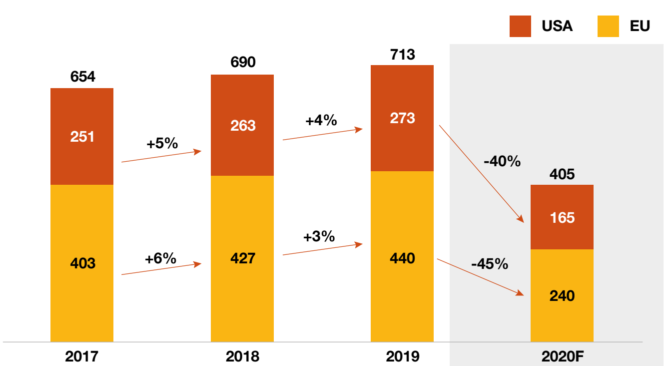
For Viet Nam, a large proportion of the trade surplus with the U.S and Europe has been generated by: (1) consumer electronics; (2) textiles, garments, and shoes; and (3), to a lesser extent, agriculture. In 2019, the U.S and EU accounted for 23% and 15% of Viet Nam's total export value, respectively.

Vietnam's export value by destination (2019)



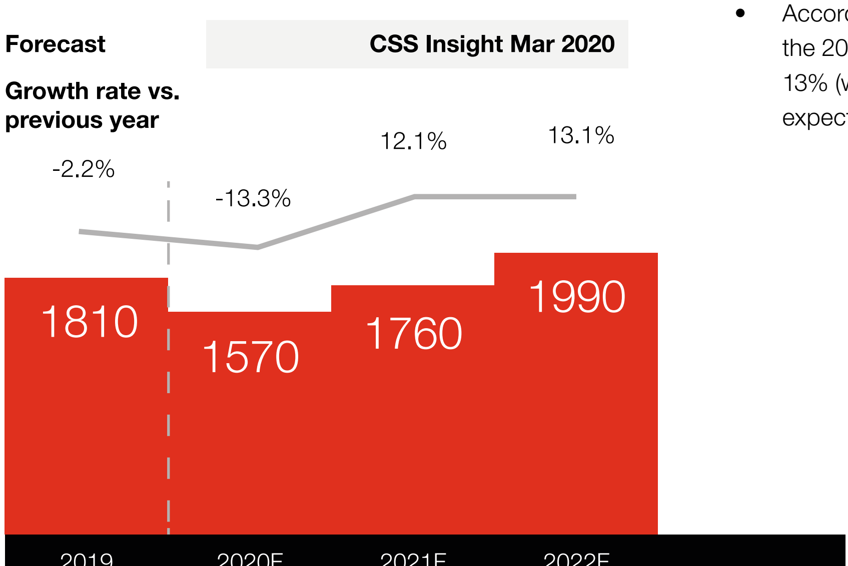
Expected impact on apparel consumption

Unit: US$bn



Global number of Mobile phone shipments forecast

Unit: milion shipments



It is foreseeable to expect an impact of COVID-19 pandemic on Viet Nam's trade volumes in the upcoming period. The lockdown has caused millions of lost jobs, and general economic sluggishness in the U.S. and the EU - our key export markets. As such, domestic consumption in those two markets has slumped, so has the consumption of consumer electronics, footwear and apparels (Viet Nam's key export items to the U.S. and the EU). As stated in various reports and research projects, the outlook for consumption of these items is not promising globally. For instance,

- For textiles, apparel and footwear, the global textiles consultancy Wazir Advisors projects consumption declines of -40% and -45% in the U.S. and Europe, respectively.
- According to specialist market research firm CCS Insight, the 2020 consumption of phones is projected to drop by 13% (with -10.6% for smartphones). Indeed, this year is expected to be the lowest year for sales since 2010.

A slower growth in manufacturing output, domestic consumption and tourist arrivals have affected Viet Nam's economy

For years, Viet Nam's economic expansion has been driven by the combination of foreign demand and local consumption. These two drivers accounted for over 75% of GDP growth during 2016–2019 as captured by the rapid expansion of exports and private consumption, according to World Bank[4]. In light of current situation, foreign demand is likely to decline as many countries in the world remain affected by the COVID-19 pandemic, contributing to the slower expansion of merchandise exports and tourism activities. Given the re-surface of COVID-19 in Viet Nam, notably Da Nang, the domestic rebound is expected to be short-lived and weak. In addition to that, the majority of local businesses and households may become more prudent in investment and consumption.

Manufacturing and processing have been a driving force to Viet Nam's economic growth. In 2019, industry and construction enjoyed a growth rate of 8.9% compared to the previous year. The manufacturing sector, with a jump of 11.3%, also made a major contribution to last year's remarkable growth of the national economy. The heavy reliance of Viet Nam's manufacturing industry on inputs from foreign countries like China or Korea, especially for textile, footwear and consumer electronics companies – consequently makes the production growth substantially affected by the spread of the COVID-19.

Manufacturing

In its efforts to stem the spread of the pandemic, the EU decided to temporarily close external borders from March 2020 until July (as at the time of writing). This has clearly disrupted trade activities due to slowed procedures, customs, logistics and distribution. The impacts also extend to depressed demand for non-essential goods in the EU market, including Viet Nam's major export products such as garment, footwear, furniture, electronic device, with an exception for agriculture products. According to the Ministry of Industry and Trade (MoIT), if the COVID-19 persists in the later half of 2020, Viet Nam's exports to the EU may see further decline and this trend is likely to be similar for the US market as a majority of export orders are presently on-hold.

Due to social distancing policies and reduced demand from export countries, in the first half of 2020, manufacturing and processing industry recorded an increase of 5% - the lowest growth rate since 2011 over the same period.

5%

growth in the first half of 2020 - the lowest recorded since 2011 over the same period.

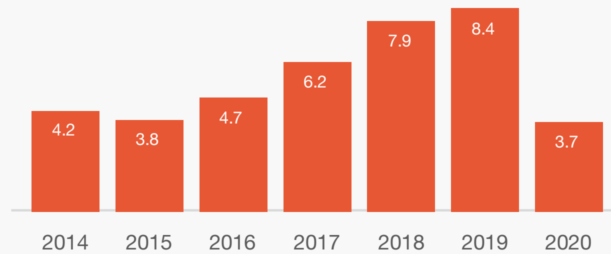
(4) World Bank, Taking stock: "What will be the new normal for Vietnam? The economic impact of COVID-19, July 2020

Tourism

Tourism contributes over 6% of the Viet Nam's yearly GDP, making it one of the key drivers for the country's economic development. By the end of 2019, Viet Nam welcomed over 18 million international travellers, a 16.2% increase compared to 2018. With the country's measures to prevent the COVID-19 outbreak such as entry restrictions and closing down tourist attractions, the number of tourist arrivals was significantly affected. In relation to this, aviation is one of the hardest-hit industries under the impact of the pandemic.

Flights from major source markets for Viet Nam tourism including China and South Korea have been restricted, playing key part in the significant drop of the tourist number mentioned above. Viet Nam Airlines estimates to suffer a decline of 2.5 million passengers by the end of 2020 and revenue loss of VND12 trillion (US$519 million).

International tourist arrivals in 6 months period (million)



Source: General Statistic Office of Viet Nam, 2020

Retail & consumer (domestic consumption)

Domestic retail sales in Q2 2020 grew at

4.6%

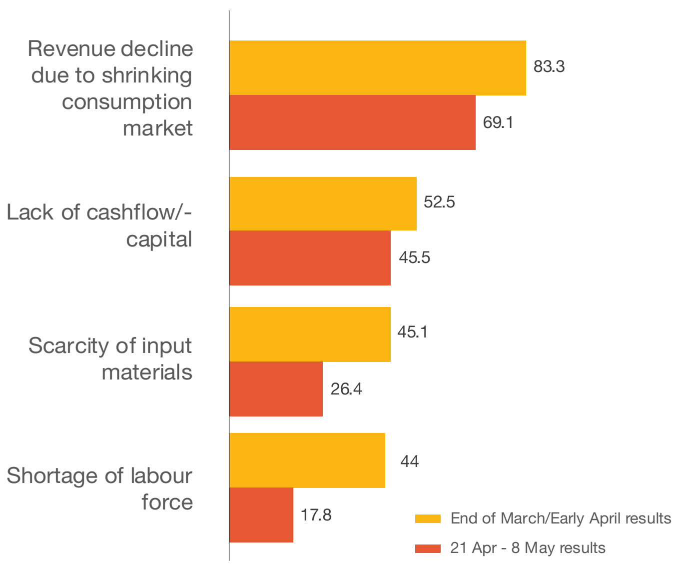
the lowest rate for the past ten years

by the COVID-19 (i.e. losing jobs, temporary unemployment) mean people are inclined to spend less and think twice before purchasing any premium products. These recent changes in shopping behaviours are expected to affect the retail industry in the long run.

In the wake of the outbreak, the government has applied a range of social and public health measures, consequently impacting the domestic consumption. The retail sector, including consumer goods and services, witnessed a 4.7% growth in Q12020 on year, hitting lowest for the past ten years. There has been a shift in consumer behaviours of the Vietnamese over the course of the pandemic. Results from a Nielsen's research reveal that nearly half (47%) people said to have changed their eating habits and 60% have adjusted their entertainment activities. Meanwhile 70% participants had to reassess their travel plans and up to 44% indicated that their income had been affected by the pandemic. Such impacts induced

The economic impact of the COVID-19 outbreak has weighed heavily on business sentiment in Viet Nam, with 77% of Viet Nam's finance leaders expect revenues to most likely fall, faring slightly better than the global average (84%) for the current financial year, according to an Association of Chartered Certified Accountants (ACCA) survey. These findings were similar to another survey conducted by VCCI in early April 2020 (at the peak of COVID-19 infection in Viet Nam) where 83% said their consumption markets have narrowed and 52% expressed concerns about the lack of capital and cash flow. Not surprising however, is that the results from the next round of the VCCI survey (in early May) revealed optimism amongst Viet Namese businesses with 69% and 45% respectively as indicated in the chart found on this page. Notably, only about 18% of them said they would have to reduce their workforce because there was not enough work. This round of survey was conducted after the social distancing lifted and most business had resumed operations, which has helped to explain the improvement in business responses.

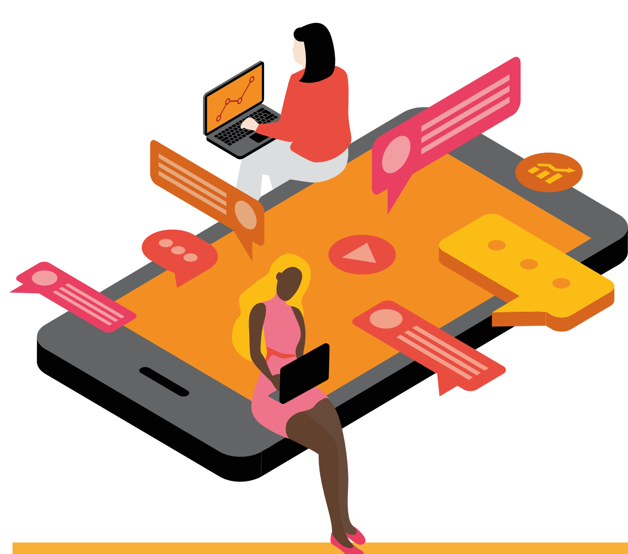
VCCI Survey - COVID-19's impact to business in Viet Nam



On 25 July 2020, Viet Nam detected the first locally transmitted case in nearly 3 months which has put the country in high alert again. As at the time of writing, the Government has imposed social distancing in Da Nang since the city has identified 80 more cases. Businesses in other major cities such as Hanoi and Ho Chi Minh City still operate as usual, however the country will need to stay extra vigilant and be ready for another wave of infection.

In the 2019 Doing Business Guide, we have highlighted key factors making Viet Nam an attractive investment destination including: (i) strategic location being next to China; (ii) strengthening institutional and regulatory framework and (iii) a promising consumer market of more than 96 million, to name a few. This year, we are proud to emphasise a very important factor that has been appreciated lately by foreign investors – "safe investment destination".

As a result of successfully containing the COVID-19 outbreak, Viet Nam's reputation as an attractive and safe investment destination has been cemented and praised



Proactive public health measures and the government's stimulus packages have contributed to reducing difficulties for impacted businesses

On 28th January, the first two cases of COVID-19 were confirmed in Viet Nam. Following this, all flights from mainland China were halted from 1st of February and all international flights from 25th March. The country stopped issuing visas and closed borders to foreign visitors to prevent the spread of COVID-19. These early measures proved to be highly effective. Such decisive action probably came from the country's experience in dealing with the outbreak of the Severe Acute Respiratory Syndrome (SARS) in 2003. As of July 2020, compared to regional and global peers, including Singapore and Malaysia where the pandemic prevails with continuous recorded cases, Viet Nam had handled the crisis well and its efforts have paid off.

Viet Nam's early health detection and containment strategy, play leading part in reducing the COVID-19 transmisison. This in turn helped minimise the impacts of the pandemic on the country's economy amid ongoing global disruptions. Some of the highlights are:

Safe score 20 Most Safe Regions

Viet Nam is amongst top worldwide 20 countries by COVID-19 safety, according to the Deep Knowledge Group

- As of Sep 24, Vietnam's Ministry of Health confirmed a total of 1,069 cases of COVID-19. 991 of the affected patients have recovered and been discharged from hospitals. 35 reported deaths.
- Schools and businesses resumed operations after International Labour Day (1st May 2020).
- Retail sales of consumer goods and services in June has exceeded May's figures by 6.2%.
- Customs clearance resumed at the border gate in the northern Lang Son province with China from April 30.

Government's stimulus package

The government has offered financial assistance for employers and employees affected by the pandemic, with examples given below:

- Viet Nam on April 9 issued Resolution No. 42/NQ-CP ("Resolution 42") consisting of a financial package for those affected by the pandemic and targets six categories of individuals and businesses.
- Prime Minister Nguyen Xuan Phuc signed Decree 41 on five-month delay of deadline for payments of taxes and land rental fees with total estimated amount subject to deferral at VND180trn (US$7.7bn).
- Firms and workers allowed to defer their contribution (up to 12 months) to the pension fund.
- The government of Viet Nam has announced a VND36trn (US$1.5bn) cash handout package to about 20% of the population (low income, unemployed, business owners who have had their businesses suspended).
- The government announced a VND10trn (US$430mn) rebate for electricity prices, at a maximum of 10% for 3 months to support firms and households.

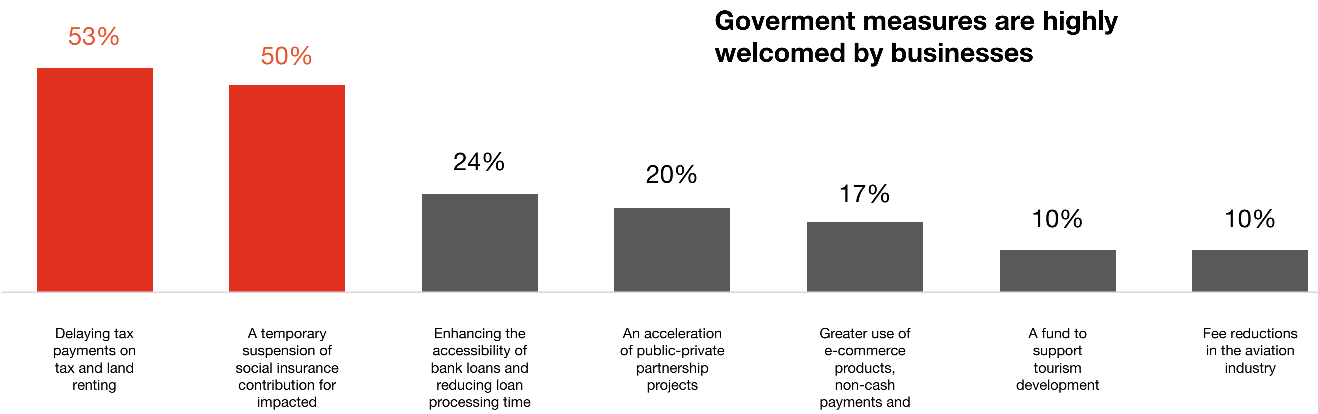
These measures have been highly welcomed by businesses, including those from overseas, according to the EuroCham Business Climate Index, Q1 2020, conducted by the Decision Lab. Amongst those measures, the tax payment and land renting delay, as well as suspension of SIHUI contribution measures are highly praised by the impacted European businesses and may potentially contribute to helping them through this period and mitigate layoffs.

- Viet Nam's central bank, looking to help businesses struggling to recover from the economic blow of the COVID-19 outbreak, has cut policy interest rates effective May 13 for the second time in two months. The refinancing rate will be reduced to 4.5% from 5% while the discount rate will be trimmed to 3% from 3.5%.

"The State Bank of Viet Nam has announced a string of interest rate cuts for the second time in 2020, aiming to support businesses to resume production and speed up economic recovery, which in turn will create a positive impact on the real estate market. In other words, a healthy and developed economy will increase the demand for consumption and investment, including real estate".

Pham Thai Hung, Assurance Partner, PwC Vietnam quoted on Bao Dau Tu Chung Khoan, May 2020.

Goverment measures are highly welcomed by businesses

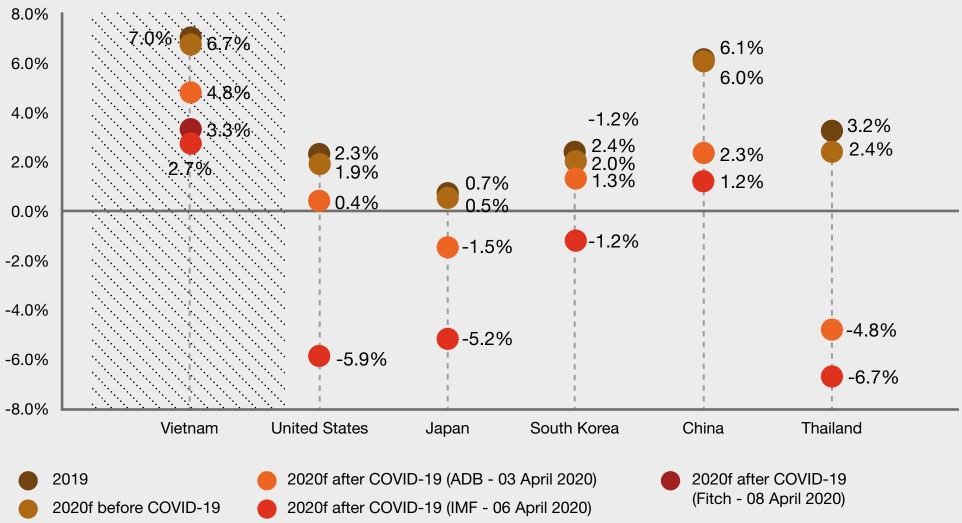


Source: EuroCham Business Climate Index, conducted by Decision Lab, Q1 2020

Timely support and strong commitment from the Government will help the economy to be upbeat by 2021

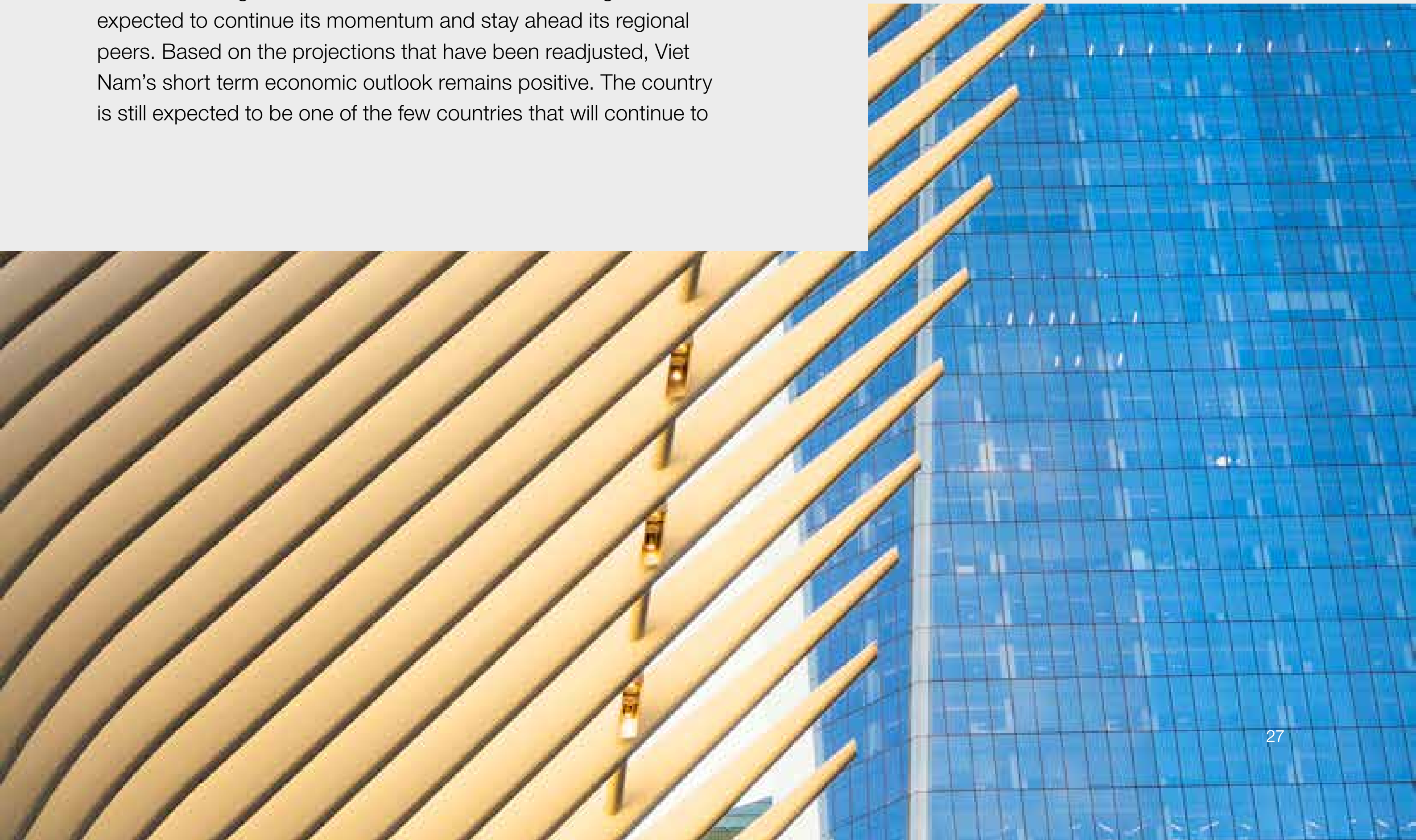
Revision of GDP growth forecast of selected countries due to the outbreak of COVID-19

Unit: percentage



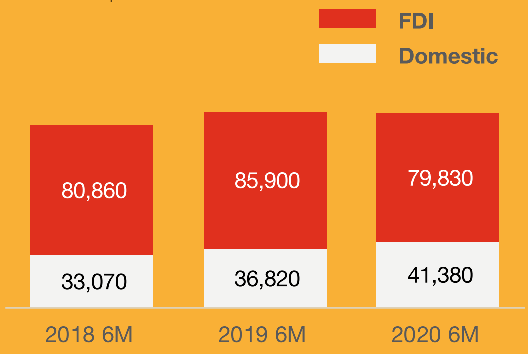
Source: ADB, IMF, PwC analysis

Forecasts from different international organisations including the Asian Development Bank (ADB), International Monetary Fund (IMF) and Fitch Ratings all indicate that the Viet Nam's GDP growth is expected to continue its momentum and stay ahead its regional peers. Based on the projections that have been readjusted, Viet Nam's short term economic outlook remains positive. The country is still expected to be one of the few countries that will continue to grow in 2020, while a majority of the world is being projected to sustain recession. While it's hard to gauge the impact of the COVID-19 6-12 months out, a resilient macro-economic and fiscal framework together with effective measures positions the economy to rebound strongly in 2021. According to the World Bank's update for July 2020, Viet Nam's growth is expected to reach 6.7% in 2021 before settling around 6.5% in 2022. World Bank also emphasised in their recent "Taking stock" publication that Viet Nam possess a unique opportunity to increase its footprint in the global economy by being ahead of the curve.



Export value by ownership

Export values in 6 months period (2018 - 2020)
Unit: US$mn



Data by IHS Markit shows that Viet Nam's Manufacturing Purchasing Managers' Index (PMI) was 51.1 in June up from 42.7 in May for the first time in five months. This represented a continuation of the recovery seen since the PMI hit a record low of 32.7 in April. Looking at key economic indicators, Viet Nam's exports managed to keep the impact at the minimum level. However, the impacts of COVID-19 will certainly put strains on Viet Nam's trade activities with its two largest markets, including the U.S. and Europe, as exports are expected to recover in the latter half of this year.

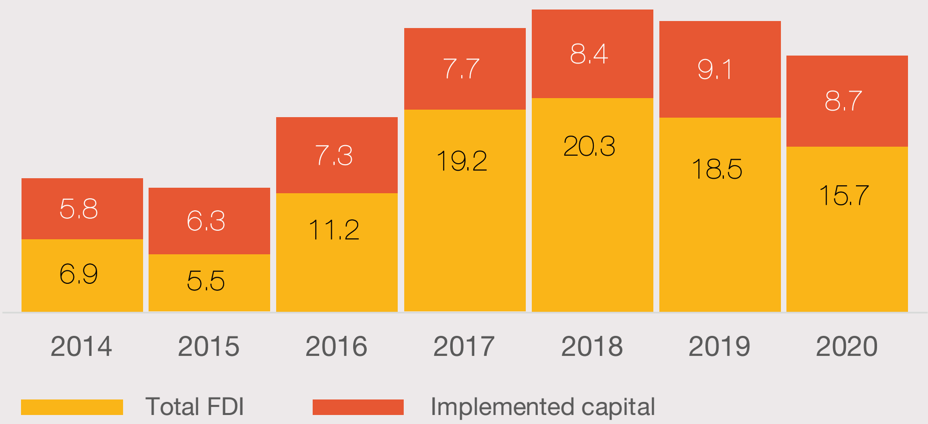
The implementation of new generation FTAs, including CPTPP and EVFTA will be an opportunity for Viet Nam to advance its position on the global trade map, serving as a boost for domestic production. When EVFTA comes into effect in Aug 2020, it may create motivation and more certainty for businesses. Viet Nam's key exports including textiles, footwear and furniture, especially phones, electronic components, are in high demand in the EU at the time of writing. As COVID-19 continues to impact the EU & UK, we expect EVFTA's effectiveness and upside for Viet Nam's exports and local enterprises may be delayed until the situation in Europe is further stabilised.

From a production perspective, Fitch Solutions believed Viet Nam currency weakness will support the country's manufacturing sector, which is being buffeted by strong headwinds from supply chain disruptions and a weak demand outlook.

Foreign direct investment has been great contributor to the country's economic growth and is consistently one of the driving forces behind Viet Nam's high growth rate. Its share in the country's GDP has tripled from 6.3% in 1995 to around 20% in 2019. As at June 20, 2020, the total foreign investment in Viet Nam totalled at nearly US$15.7 billion, dropping 15% compared to the same period last year. This number includes the newly registered, adjusted capital, contributed capital and shares purchased by foreign investors.

However, compared to 2019, the amount of contributed capital and purchased shares by foreign investors this year increased 2.6% over 6 months similar period. The declining inflow of foreign investment to Viet Nam is believed to be soon recovered as the government's drastic measures prove effective. Before the pandemic, in light of the U.S.-China trade war, there was a movement of production shift out of China and many manufacturers were looking at Viet Nam as the next destination. It is expected that the COVID-19 outbreak will accelerate companies' efforts to relocate production out of China.

FDI to Viet Nam in 6 months period (2014 - 2020)



Source: Ministry of Planning & Investment of Viet Nam, 2020

FDI to Viet Nam 6 months 2020

Total foreign investment

15.7 billion USD

85% of the data for the same period last year

Newly registered capital

8.4 billion USD

Adjusted investment capital

3.7 billion USD

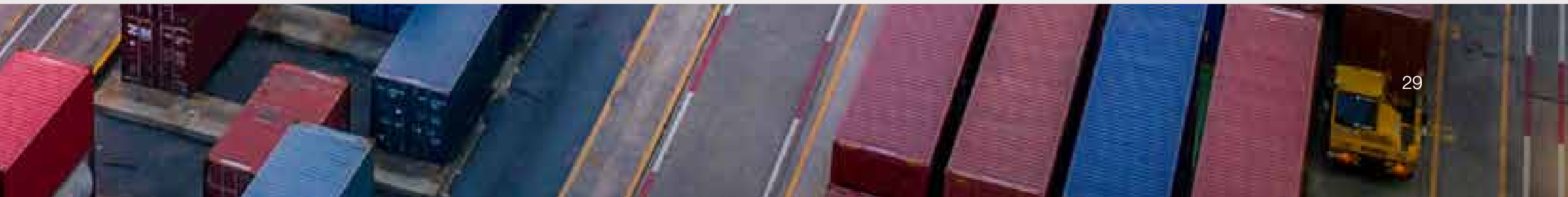
up 26.8%

Contributed capital and purchased shares by foreign investors

3.5 billion USD

up 2.6%

Source: Ministry of Planning & Investment of Viet Nam, 2020



Last year, Viet Nam aimed for 6.8% GDP growth in 2020 on the back of hitting growth rate of 7% for two consecutive years and improved competitiveness index in international ranking. It is not easy for Viet Nam to achieve this goal due to a series of challenges, including the pandemic outbreak. Given the unexpected development of the COVID-19, there is a need to review the pre-set goal to be more aligned with global and regional situations.

Against this backdrop, in mid – May, the Ministry of Planning and Investment contemplated two scenarios of GDP growth. These two scenarios were based on the assumption should Viet Nam contain COVID-19 by the end of April 2020, which was achieved.

The two scenarios are:

- First scenario, the economy is expected to expand 4.4 – 5.2% this year if the crisis is basically controlled in the third quarter for major trade and investment partners of Viet Nam;
- Second scenario, the economy is projected to grow 3.6 – 4.4% this year epidemic is basically controlled in the last quarter major trade and investment partners of Viet Nam.

Within this scheme, a number of socio-economic, financial and state budget targets in 2020 shall be updated and adjusted.

Scenario 1 — Viet Nam contains locally COVID-19 epidemic — **Scenario 2**

Expected
4,4 - 5,2%
GDP growth

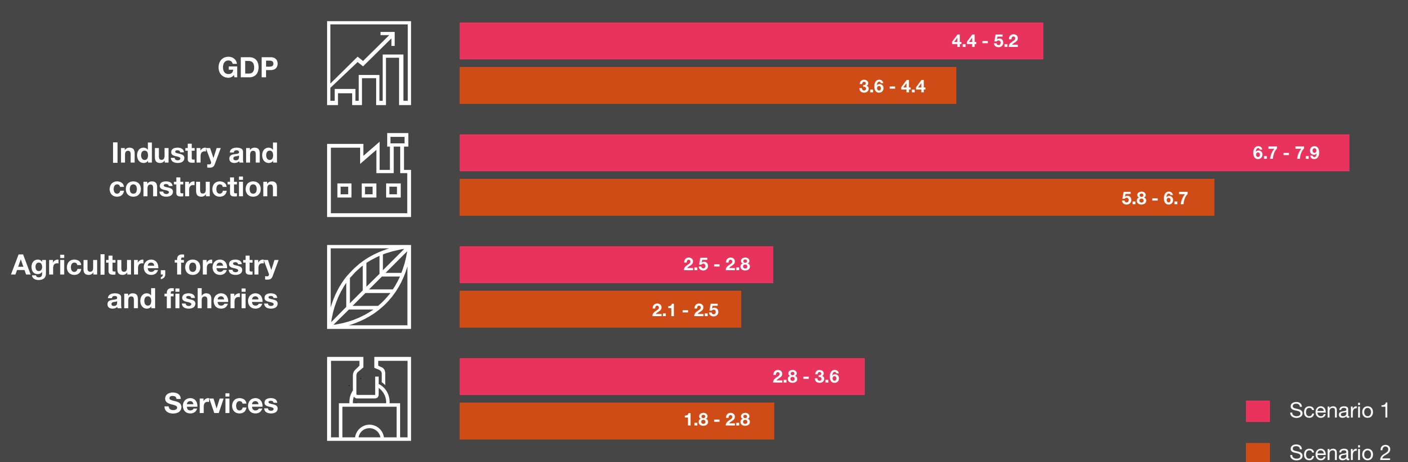
From half-end

April

Expected
3,6 - 4,4%
GDP growth

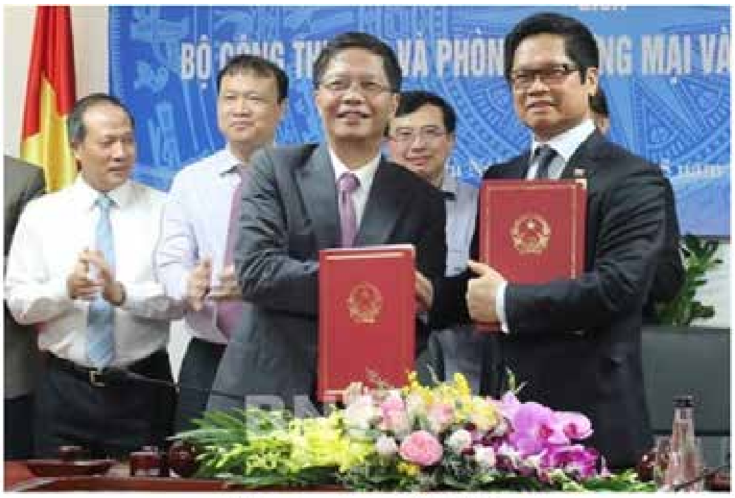
3rd Quarter 2020 ← epidemic control period in countries which are important trade and investment partners of Vietnam → **4th Quarter 2020**

GROWTH *(%, projected)*



Some notable regulations proposed to support businesses dealing with difficulties caused by the COVID-19 pandemic are as follows (*please note that these are still in draft at the time of writing)*:

- Reducing Corporate Income Tax ("CIT") by 50% for small and medium enterprises for the 2020 tax year;
- Exempting or reducing the VAT rate by 50% for goods and services suffering difficulty, and for goods and raw materials used in production, to reduce input costs of enterprises;
- Considering VAT refunds in 2020 for sectors heavily impacted by COVID-19 (e.g. aviation and tourism)
- Researching and reporting to the Government to extend the payment deadline by 1 year for 2019 deferred CIT, VAT, PIT and land rental fees (the current deferral period stipulated in Decree 41/2020/ND-CP is 5 months); and
- Reviewing and reporting to the Government on the payment deferral for a portion of export taxes for 5 months (until the end of Quarter 2, 2020) to encourage exports from enterprises.
- Exempt and reduce interest rates, costs for new loans and existing loans of businesses by 2%, especially for loans issued prior to the COVID-19 outbreak; and
- Provide loans with preferential interest rates for:
    - Medium and large-sized enterprises suffering heavy losses due to COVID-19 (turnover in Quarter 1 and Quarter 2 of 2020 having decreased by more than 50%, and the number of employees subject to social insurance being over 100 employees), with loan terms from 6-9 months through commercial banks; and
    - Small and micro-enterprises with loan terms of 3-6 months through the Social Policy Bank and the Small and Medium Enterprise Development Fund.



At the signing ceremony (Photo: VNA)

As part of the joint efforts between ministries and concerned agencies, the Ministry of Industry and Trade (MoIT) and the Viet Nam Chamber of Commerce and Industry (VCCI) on 7th May 2020 inked a cooperation agreement to support businesses after the COVID-19 pandemic. The two parties would build a comprehensive cooperation programme with three key actions including legal framework completion, institutions and international treaties in the industry and trade sector; ensuring equality in accessing resources and business opportunities; and creating a favourable environment for start-ups and innovation firms.

There are a number of major foreign companies considering starting production in Viet Nam as a new manufacturing hub as they seek to size up new and cost-efficient global footprints. For example: Taiwan's Inventec, Apple's main assembly partner for AirPods, is reportedly preparing to establish a unit in Viet Nam. Google is set to begin production of its low-cost smartphones with Vietnamese partners, while Microsoft is scheduled to produce notebooks and desktop computers in the northern region.

To prepare for new wave of FDI inflows post COVID-19, Prime Minister Nguyen Xuan Phuc has agreed to set up a task force with main objective is to approach potential investors looking for new destinations and support those that are having difficulties during their operations in Viet Nam. COVID-19 is also regarded an opportunity for the Government to re-assess the FDI projects, more emphasising on sectors, which investors are looking for alternative investment locations. Those identified sectors are IT and hi-tech, electronics, e-commerce and logistics, consumer products and retail.

There is still much works need to be done for Viet Nam to be on top list for considerations from foreign investors. For the time being, the country would give priority to addressing bottlenecks in the investment environment, including the infrastructure development and quality of workforce. In the first three months of this year, five new industrial zones were founded with a total area of 800 hectares, compared with only four in the whole of 2019 to welcome the new foreign funds pouring into the country. This year, the revisions to the Law on Investment are being discussed at National Assembly with purpose to align Viet Nam's commitments to global integration and improve its economic competitiveness. The revised law also looks at expanding the list of conditional business lines for foreign investors. This reflects Viet Nam's market-opening commitments under new-generation Free Trade Agreements and international conventions.

"Much has developed in recent years to make Viet Nam an attractive market for investors. We see continuous improvements in the legal and regulatory framework including the development of the country's first Corporate Governance Code. However, many foreign investors still have concerns. These include the speed of approvals and clarity in approval processes by regulatory authorities; statutory audits on all companies so that financial statements can be relied upon. Viet Nam has demonstrated its ability in keeping its citizens safe during the recent pandemic. What the country needs to demonstrate globally now is that Viet Nam can create a safe and favourable investment destination for its investors. "

Tiong Hooi Ong, Partner of Transaction Services, PwC, quoted on Vietnam Investment Review, May 2020

Investment incentives are granted to investment projects based on location, sector and other factors such as the size of the project. High technology, software, new energy, waste recycling and education are among business areas eligible for investment incentives. The full list could be retrieved from the Foreign Investment Agency's website.

A number of incentives and programmes have been promulgated in response to the development and effect of COVID-19 on Viet Nam's economy and business in the following forms:

- Lower tax rates for the whole duration of the investment term or part thereof; exemption from and reduction of tax rates;
- Import duty exemption for fixed assets; and
- Reduction/exemption of land rental
- Assistance for employees & population affected by COVID-19
- Proposed infrastructure stimulus package

Broadly speaking, these initiatives and others which have been discussed are well-received in the business community. Initial implementation and success of these programmes are difficult to assess at such an early stage. In order to help the affected groups (i.e. private enterprises or SMEs) , it is vital that the Viet Nam government continues to create awareness of such available incentives and programmes. In addition, further support can be given to interested parties needing clarification on specific details or instructions in the application process.

The above initiatives have allowed businesses to navigate through this health crisis and helped Viet Nam economy rebound quickly. By effectively and efficiently stemming the spread of COVID-19, Viet Nam also enabled businesses to reopen within 23 days of its initial social distancing period. Compared to regional peers, this was a meaningful step for a business to survive the global pandemic. Though a number of sectors are experiencing additional stress due to delayed or cancelled export orders, travel restrictions, and knock-on effects in the case of layoffs or loss of employment, generally speaking, Viet Nam is positioned among the global leaders economically in 2020 due to it's effective COVID-19 response.

Through the first half of 2020, despite a sharply fall of an estimated 18.5% in global merchandise trade, Vietnamese exports fell only 1.0%, compared to H1 2019.

A number of additional cases have been reported after nearly 100 days without local transmission. As the crisis continues due to ongoing cases and 2nd and 3rd wave outbreaks, Viet Nam should continue to stay vigilant in its fight against COVID, and continue to extend practical assistance to employees and businesses. However, local and international businesses alike should take greater consideration to endure through the pandemic, and should remain aware of relevant government support and regulations.

Embracing the “new normal”: Key considerations

This is a crisis like no other. In its recent April 2020 blog, IMF alludes that the world has been put in a Great Lockdown given countries had to implement necessary quarantines and social distancing practices to contain the pandemic. Without a doubt, the spread of COVID-19 has dramatically changed how we live and work in ways we would not have thought possible. Today's new normal for businesses include work-from-home realities, disrupted supply chains, cash crunches, uncertain compliance obligations, and the mechanics of applying for new government programmes, to name a few.

What is a new normal for businesses?

The global COVID-19 pandemic has caused many organisations to face and make the tough decision to either shut down their operations or move to a new business strategy and reconfigure their workforce. Not surprising, the move to a new business strategy is an area most CFOs (63%) surveyed in the latest PwC's CFO Pulse Survey (for the week of 15 June 2020) had identified as part of rebuilding or enhancing revenue streams. Getting to this "new normal" will take some time as no one can predict when this outbreak will end. Right now, the world is operating in between where we were and where we are headed. As companies resume a more regular rhythm, they will regain a different long term view instead of the previous day-to-day survival mode they had been in. Businesses will need to adjust and adapt using new business strategies based on new normal operation best practices.

Scan here for PwC's publication: Reshape your business for growth

These include but are not limited to:

More dependence on e-commerce and digital payments

Working from home workforce

- Reorganised supply chains, and

- A greater focus on the domestic market.

What is "new normal"

A new normal is a state to which an economy, society, etc. settles following a crisis, when this differs from the situation that prevailed prior to the start of the crisis. The term has been used following the financial crisis of 2007-2008, the aftermath of the 2008–2012 global recession, and now, the COVID-19 pandemic.

Immediate term

Mobilise

Secure the safety of your work-force and establish response structure

Medium term

Stabilise

Develop tactical responses to the challenges of navigating the COVID-19 “new normal”

Long term

Strategise

Design a strategy for emerging stronger in the post-COVID-19 economy

Viet Nam businesses are now operating in the “new normal”, and many of them have moved to the next phase of recovery and ready to emerge stronger post the pandemic

Since we first surveyed CFOs about their perceptions of and responses to COVID-19 in March 2020, we have watched as they focussed on safety, managed health, economic and societal crises and adapted their business model to rapidly shifting circumstances. Ultimately, they accepted that they will need to find a way to exist alongside, and thrive in spite of, the ongoing threat of COVID-19 in the months and possibly years to come. While bracing for a second wave of infection and working to enhance revenue streams, finance leaders will continue to prioritise agility as they navigate this new world.

At the time of writing, Viet Nam’s businesses are operating in the “new normal” with much of the focus is on rebuilding business, generating opportunities and exploring new ways of working. In the medium term, business is advised to develop tactical steps to preserve business value, including liquidity analysis, operational scenario planning, and an assessment of the various government stimulus programs. Looking forward to the longer term, companies should begin to come to grips with the changes they will have to make to coexist with the pandemic should it last longer. History shows that out of crises can emerge new and incredible opportunities. For instance, the SARS pandemic in 2003 contributed to the birth of China’s e-commerce like Alibaba and JD.com. The data businesses collect today and the systems they put in place — from optimising tax changes to upskilling workers — will help them emerge stronger in the post-COVID-19 world when the wheels of the world’s economies begin to turn again.

Each country, business, and institution that emerges from this crisis will face a different kind of re-emergence.

There significant uncertainty over how economies will bounce back. But that must not deter business from designing plans today. The board, CEO, and leadership team should invest their energy in preparing the organisation for the new normal, starting with identify what are the permanent shifts impacting businesses.

Permanent shifts affecting businesses

School closures are likely temporary but others may be here for good. Below are some sectors that have the potential to transform after COVID-19 that are impacting businesses.

Digital adoption

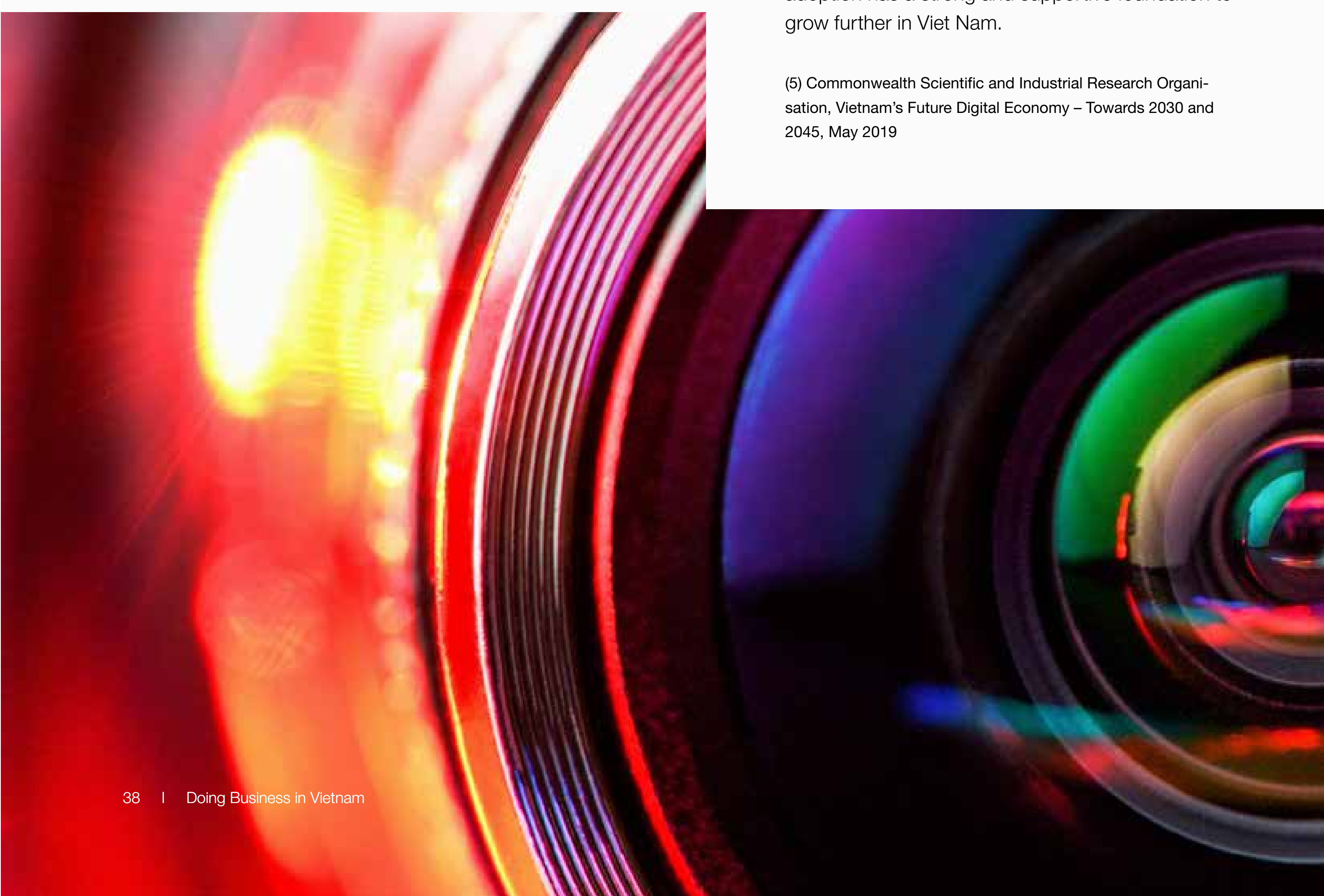
COVID-19 has revealed the serious need for quicker digital transformation. Businesses, schools, and governments from Europe to Asia have swiftly moved to video-conferencing, even for high stakes meetings. For example, Prime Minister Nguyen Xuan Phuc chaired the online Special ASEAN+3 Summit with China, Japan and the Republic of Korea on 14 April 2020 on the COVID-19 response, following the success of the Special ASEAN Summit on the same issue. The 36th ASEAN Summit on 27th June was held online, too.

During the response to the COVID-19 pandemic, information technology has been proven to be one of the most effective tools. Viet Nam authorities has successfully used digital tools to raise public awareness about the pandemic such as alert notifications via text messages, websites and social media. Moreover, the country also saw the number of files for public services submitted online doubled in the past month, equal to the total figure of the previous 20 years.

Those events have proven that the pandemic, on a optimistic note, has brought huge opportunities to accelerate the digital adoption and transformation journey for businesses as well as for governments.

The country has put its high penetration of mobile phones (150%) and the Internet (70%) to great use in combating the pandemic. In addition to that, with Viet Nam as one of the first countries in the world to trial 5G, with a commercial launch scheduled for 2021 and offering the lowest fixed broadband prices (in PPP$) in the Asia Pacific region[5], digital adoption has a strong and supportive foundation to grow further in Viet Nam.

(5) Commonwealth Scientific and Industrial Research Organisation, Vietnam's Future Digital Economy – Towards 2030 and 2045, May 2019



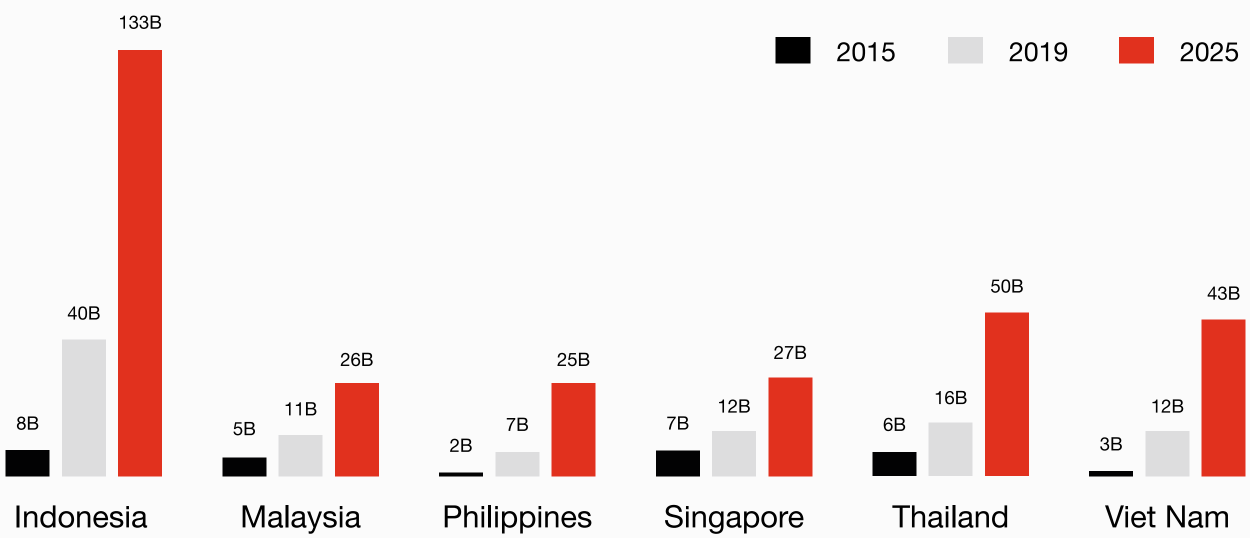
Last year, in terms of telecommunication, the nation jumped to 50th place from 100th in 2017 in the Global Cybersecurity Index unveiled by the International Telecommunication Union (ITU). Currently, the National Strategy on Industry 4.0 being drafted by the Ministry of Planning and Investment with some specific targets, for instance: average productivity is expected to increase by over 7% annually; 100% State agencies complete digital transformation and provide level-4 online public services, etc.

Viet Nam's digital economy has been regarded as promising and with ample room to grow. A report done by Google, Temasek Holdings and Bain & Company, highlighted that Viet Nam's internet economy is expected to reach US$43 billion in 2025, with a boom in ecommerce, online tourism, online communications and ride-hailing. Cashless payment was highlighted as an important solution to fight the spread of COVID-19. Cashless transactions remain relatively low in the ASEAN region but is forecasted to enjoy a more fundamental growth with mobile transactions are expected to surge 400% by 2025, according to a report jointly released by International Data Corporation (IDC) and Backbase (Dutch fintech provider company).

On a digital infrastructure side, demand is spiking and will need a boost in investment in hardware, software, and capabilities. In a recent CIO survey (Chief IT Officer), carried out by PwC Strategy& in May 2020, the post pandemic new normal will require building stronger digital capabilities and CIOs are considering more long term investments in the digital landscape of their organisations. Specifically, investing in digital customer experience requirements and technology enabled business models is regarded immediate top priorities in 2020 and 2021 for CIOs.

SEA Internet economy (GMV, $B)

Source: Google, Temasek, Bain & Company, e - Conomy SEA 2019, 2019



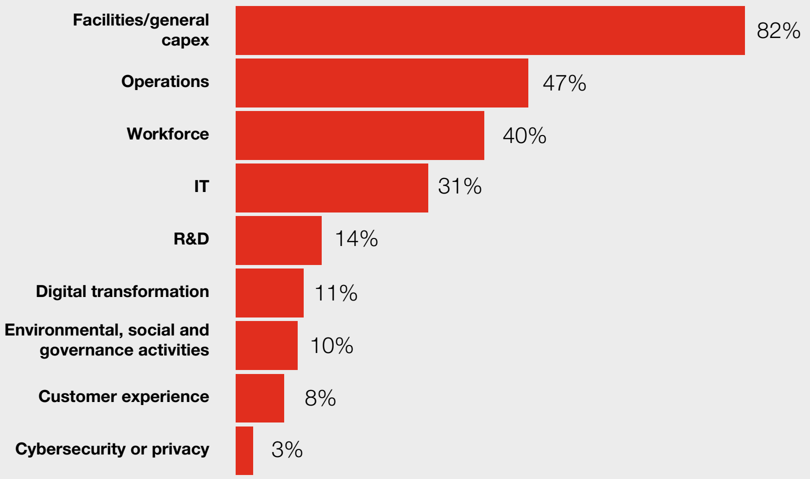
Real Estate

The real estate sector has been affected by the COVID-19 pandemic in many ways with visible financial impacts, for instance the lock-down has caused Viet Nam's hospitality and leisure sector to suffer an occupancy rate below 10% for numerous properties. The construction and development of new sites have been delayed and commercial premises (shopping centres) have experienced short cash flows as a result of the pandemic.

Businesses around the world have resumed operations wholly or partly but it is unlikely that we will go back to having armies of staff working from expensive prime real estate. Businesses will need to be re-designed to cater for virtual teaming, fluctuating occupancy, and rapid repurposing. Among emerging trends in real estate, flexible space has been picking up lately thanks to remote working.

According to PwC CFO Pulse Survey dated 11 June 2020, cost containment remains the top financial action CFOs are considering as a result of the COVID-19 (81%). The most common area for potential cuts remains (as it has been in all of our CFO Pulse surveys) facilities/general capex (82%). This proves that many businesses have accepted the fact that the stabilisation phase will be long and difficult to maintain. Hence, businesses will be stricter in committing to any large investment projects or making any firm employee headcount forecasts, which will strengthen demand for preconfigured space on flexible terms

CFOs are more likely to cut general capex investments than digital, R&D or cybersecurity



Source: PwC's CFO Pulse Survey, dated 11 June 2020

For retailers, the primary focus in the short term is cash preservation. Due to countermeasures against the COVID-19, supply chain impact on retailers are varied including obstructed logistics, constrained or shut-down suppliers and disrupted demand. Looking further ahead, many retailers will need to rethink their operations and supply chains as having the right infrastructure for the fulfilment of online orders continues to be crucial for trading. As we emerge from the crisis, COVID-19 will continue to boost eCommerce as consumers will stay with the online channel. The 2019 e-Conomy SEA report commissioned by Google and Temasek states that Viet Nam's e-commerce market expected to expand 43% between 2015 and 2025. Therefore, for mid-term and long-term, the management team should think ahead to leverage potential opportunities, generated from consumer behaviour change and shifting shopping habit.

Last but not least, being known as a safe investment destination, Viet Nam is likely poised to receive inflows of foreign investments. As a results, demand for office and industrial real estate will keep the momentum and might grow in mid and long term. As Viet Nam is getting back to the "new normal", cross-border deals will start to pick up, though in moderation as global financial markets will be in recovery mode. Assets in prime locations such as in Hanoi and Ho Chi Minh City, as well as premier hospitality projects, will still garner a good amount of interest if they are put on the market. According to the Emerging Trends in Real Estate – Asia Pacific 2020 Survey that was published by PwC, Ho Chi Minh City is the outlier among 2020's favoured markets. A destination that has been rising up the investment rankings for the past five years, it is now rated Asia Pacific's top city for development and third for investment.

City Investment Prospects, 2020

Generally poor | Fair | Generally good

1.Singapore	6.31
2. Tokyo	6.11
3. Ho Chi Minh City	6.06
4. Sydney	5.99
5. Melbourne	5.95
6. Shenzhen	5.86
7. Shanghai	5.73
8. Osaka	5.69
9. Guangzhou	5.36
10. Seoul	5.29

Source: PwC's Emerging Trends in Real Estate – Asia Pacific 2020 Survey

City Development Prospects, 2020

Generally poor | Fair | Generally good

1. Ho Chi Minh City	5.96
2. Singapore	5.77
3. Sydney	5.71
4. Tokyo	5.64
5. Melbourne	5.56
6. Shenzhen	5.35
7. Shanghai	5.32
8. Osaka	5.28
9. Mumbai	5.21
10. Bangkok	5.10

Source: PwC's Emerging Trends in Real Estate – Asia Pacific 2020 Survey

Supply chain

The COVID-19 pandemic has had a significant impact on global supply chains and continues to affect businesses with worldwide operations. Viet Nam itself has not been an exception due to global interconnectedness, despite having done well in containing the first wave of this pandemic. In a recent survey ran by CEL Corporation in late March, 83% of companies in the value chain in Viet Nam (retailers, shippers, traders and producers) have been suffering from supply issues. 47% of them faced difficulties with supplies from China, largely involved in raw materials. An EuroCham BCI Survey, Quarter 1, 2020 conducted by Decision Lab also revealed that 40% of their members are already reporting one of the biggest impacts of COVID-19 being felt on the top line is interruptions to the supply chain.

It is inevitable that supply chain disruption has caused significant impacts to almost sectors, for instance cost increase, shortage of products, etc. The urgent need to design smarter, stronger and more diverse supply chains has been one of the main lessons of this crisis. Supply chain has been experiencing a gradual shift leaning towards being more reliant on local suppliers. This “less global, more regional/local” shift brings environmental benefits and enable selling and delivering products much more conveniently, thus eliminating the need for intermediaries.

A Gartner, Inc. survey of 260 global supply chain leaders in February and March 2020 revealed that 33% had moved sourcing and manufacturing activities out of China or plan to do so in the next two to three years. Survey results also show that the COVID-19 pandemic is only one of several disruptions that have put global supply chains under pressure. Before the pandemic, Viet Nam and India were the most likely investment destinations should businesses relocate their manufacturing bases, according to 48% of those surveyed in the 2020 Agility Emerging Markets Logistics Index. The World Economic Forum has stated that one likely consequence is that global firms will diversify their supply chains in the future, instead of relying only on a specific country. As such, manufacturing hubs such as Viet Nam, Mexico, and India are expected to benefit from that trend of supply chain diversification.

Rank	Country
1	India
2	China
3	Viet Nam
4	Brazil
5	Indonesia
6	UAE
7	Thailand
8	Malaysia
9	Mexico
10	Saudi Arabia

Source: Agility Emerging Markets Logistics Index 2020

As per the Agility’s report, Viet Nam remains the 3rd market having the most potential in 2020 as confidence matches the progress the country has made in improving its infrastructure and domestic market in recent years, in addition to the export growth it has seen as trade shifts from China. Although the report was carried out before the pandemic outbreak, Viet Nam is likely to maintain the status-quo in light of the new supply chain trend.

Decentralisation of manufacturing capacity, with companies looking to bring production home is a likely growing trend observed recently. This trend grew with the likes of automation and small batch production, which had become so cheap that a number of countries started moving portions of their supply chain back home.

With innovative technologies like artificial intelligence and the Internet of Things, supply chains could quickly look out to alternative providers when regular suppliers face disruption. Having active visibility of critical supply chain components, inter-dependencies, and data to properly assess potential operational and financial weaknesses is more crucial than ever before, to help plan and manage immediate contingencies and to create a more resilient supply chain in the longer-term.

With learnings from the outbreak, businesses need to leverage on their newfound agility. Supply chains of tomorrow will no longer centre around efficiency and cost management but rather on building a secure and resilient supply chain. Looking at the current situation strategically and aligning your supply chain actions smartly will likely pay off as a competitive advantage for businesses in the long run.

Grant Dennis, Chairman of PwC Vietnam

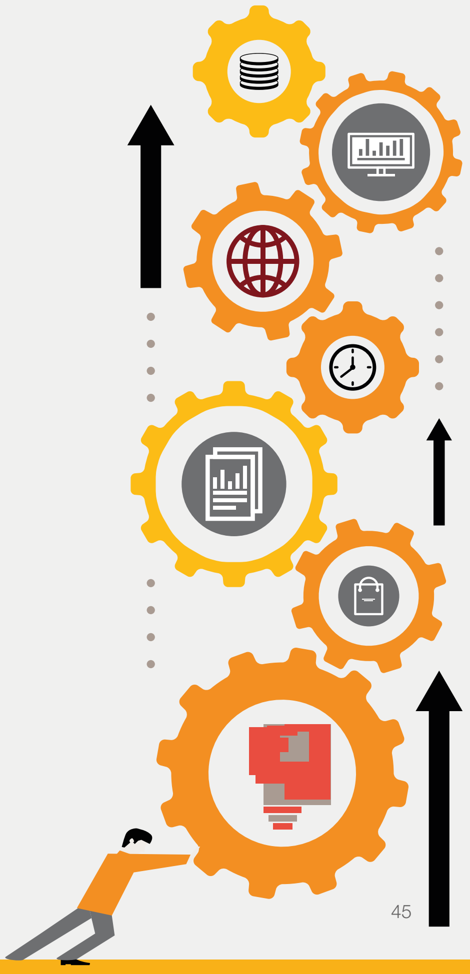
As the global COVID-19 pandemic develops, countries and territories are imposing new laws or revising current laws, drafting regulations to respond to the ever-changing socio-economic landscape. Governments all around the world have tried their best to keep the economy afloat and enable people to retain their jobs and incomes. Most of the measures introduced at present are macroeconomic, focussing largely on the provision of emergency liquidity by central banks. Fiscal measures that have been announced at this stage include broad-based tax relief (e.g. VAT and CIT payment extension and Social insurance ("SI") contributions), wage subsidies, unemployment benefits, loans and loan guarantees to businesses, etc.

In light of COVID-19's impact, Viet Nam government has imposed a number of initiatives to support impacted businesses and individuals, including Directive 11 and Decree 41. Notable actions are the extension of the deadline to pay VAT and CIT; extension of deadline to pay annual land rental fee and other tax reliefs. For more information on those initiatives, kindly refer to the Taxation section.

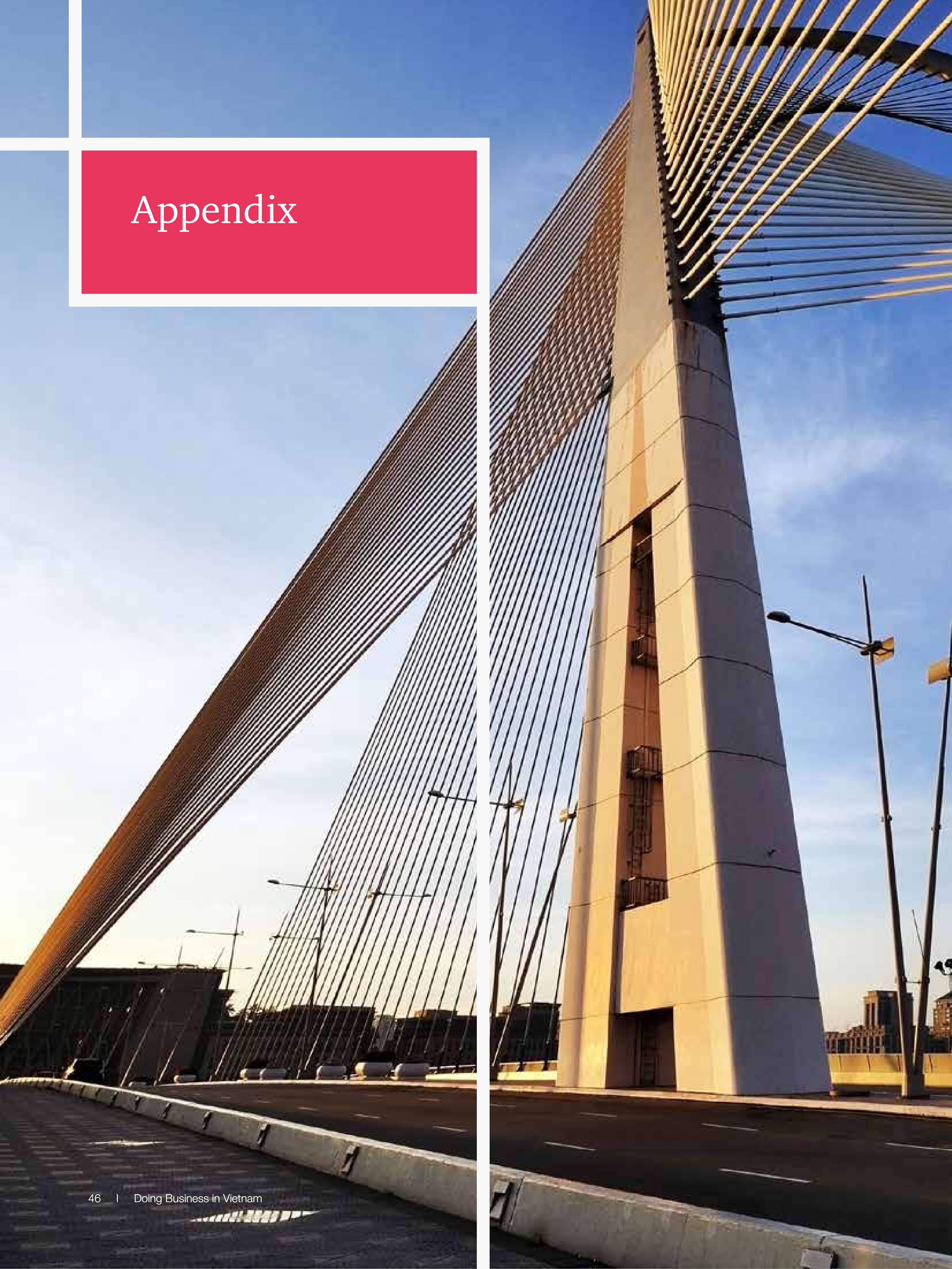
For companies that operate in different markets, keeping up with the changes in legislation may help the business survive.

With regards to the current accounting regulations and standards in Viet Nam, for financial years ended prior to the declaration, entities are advised to determine whether the pandemic should be considered a subsequent event. For subsequent periods, entities should look at how the pandemic has impacted their ability to continue as a going concern as well as the recognition and measurement of their assets and liabilities.

Ultimately, Governments will have to rethink their approach to data protection, taxation, and even constitutional issues. After the SARS outbreak, "Business Interruption" insurance policies were extensively pursued in courts. Due to COVID-19, other legal challenges such as force majeure has received rising attention, notably for contracts that were entered into prior to the pandemic. In countries where data privacy is a priority, there are already debates around the trade-off between individual rights and the rights of those who could be protected by collecting personal data.



Appendix



1. Viet Nam overview

This guide, Doing Business in Viet Nam, provides a high-level overview of the practical aspects of doing business in Viet Nam, including the common types of business entities used by local and foreign investors, and the taxation and regulatory environment in Viet Nam.

The guide also covers some practical issues faced by investors when entering Viet Nam.

Geography

Viet Nam is conveniently located in the centre of Southeast Asia and is bordered by China to the north, and Laos and Cambodia to the west.

The total area of Viet Nam is over 330,900 square kilometres and its geography includes mountains and plains. Viet Nam's population is spread throughout the country.

Total population by end of 2019 was estimated at over 96 million people. Viet Nam represents a huge pool of both potential customers and employees for many investors. Hanoi in the north is the capital of Viet Nam and Ho Chi Minh City in the south is the largest commercial city. Da Nang, in central Viet Nam, is the third largest city and an important seaport.

VIETNAM

63 municipalities & provinces

> 330,900 square kilometres

Hanoi
capital city

Da Nang
3rd largest city,
important seaport

Ho Chi Minh
largest city

Population: over
96 million

53 million
employed people

$2,715
average annual income

Currency
dong

Stock exchange:
Ho Chi Minh City
Hanoi

Legal and regulatory regime

Political structure

Viet Nam is a socialist country operating under the single-party leadership of the Communist Party.

A nationwide congress ('National Congress') of the Communist Party of Viet Nam is held every five years, with the upcoming Congress is scheduled to take place in the first quarter of 2021, to determine the country's orientation and strategies and adopt its key policies on policies for socio-economic development. The National Congress elects the Central Committee, which in turn elects the Politburo. As the only party in the political arena, the role and influence of the Communist Party is unique.

Viet Nam's legal powers are centralised in one supreme body, and then delegated to lower bodies located in Viet Nam's 63 municipalities and provinces.

The National Assembly is the only body with the power to amend the Constitution and pass laws but the implementation and administration of such laws is decentralised.

One of the Government's priorities is to enhance the legal system, which will result in a more business friendly regulatory environment. In 2019 some laws came into effect, largely focusing on sectors such as IT, real estate and agriculture.

Among them, the most significant ones are the Law on Cybersecurity, the Law on Zoning and the Law on Competition.

National Assembly

Laws

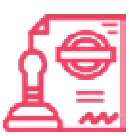
Government

Decrees

Ministries

Circulars

Various other authorities



A plethora of other legal instruments/ guidelines

Law on investment and enterprises

In late 2014, the National Assembly passed the Law on Investment (LOI) and Law on Enterprises (LOE), both of which came into effect on 1 July 2015. These laws govern the establishment and operation of companies in Viet Nam.

Since 2015, a series of implementing regulations have been issued including Decree 78/2015/ND-CP guiding enterprise registration (amended in 2018), Decree 96/ND-CP guiding the implementation of the LOE, and Decree 118/2015/ND-CP (amended in March 2020) guiding the implementation of the LOI. In 2020, the National Assembly plans to pass the Laws amending the LOE and LOI to improve the business and investment environment in Viet Nam.

Intellectual property ("IP")

As a member of the WTO, Viet Nam must conform with the WTO's requirements on Intellectual Property. The Law on Intellectual Property Rights ("IPR") was passed in 2005, which was amended and supplemented in 2009 and 2019. According to the Law on IPR, three major IP rights are protected in Viet Nam: copyright and related rights; industrial property rights; and rights in plant varieties. Viet Nam's participation in both the EVFTA and the CPTPP Agreement requires Viet Nam to meet high standards of IPR protection.

Business etiquette and culture

Many Vietnamese are more comfortable using their native language rather than English. However, many English speakers can be found in Viet Nam, especially in the larger cities.

Presenting business cards is an important ritual in the Vietnamese business world. Cards are exchanged at the beginning of a meeting using both hands. Translating written materials into Vietnamese shows respect for Vietnamese colleagues and business partners.

Face to face business meetings are important in Viet Nam and an appropriate level of respect must be shown according to rank and seniority.

Foreign exchange controls

The Vietnamese dong is not freely convertible and cannot be remitted overseas. The Government has been implementing measures to gradually reduce the country's dependency on the US dollar.

All buying, selling, lending and transfer of foreign currency must be made through banks and other financial institutions authorised by the State Bank of Viet Nam. As a general rule, all monetary transactions in Viet Nam must be undertaken in Vietnamese dong. Payments, contracts, quotations, etc. within Viet Nam must generally be in Vietnamese dong.

The outflow of foreign currency by transfer is only authorised for certain transactions such as payments for imports of goods and services from abroad, repayment of loans and the payment of interest accrued thereon, transfers of profits and dividends and for transfer of technology or royalties.

Foreign investors and foreigners working in Viet Nam are permitted to transfer abroad profits and income earned in Viet Nam, and any remaining invested capital upon the liquidation of an investment project.

Scan here for PwC's legal newsbrief

2. Types of business entities

A foreign entity may establish its presence in Viet Nam as a limited-liability company with one or more members, a joint-stock company, a partnership, a branch, a representative office or a business cooperation contract.

Foreign investors may also buy an interest in an existing domestic enterprise, subject in some cases to ownership limitations which vary depending on the industry sector.

The choice of investment vehicle will depend on factors such as the number of investors, industry, size of the project and whether there is any intention to list.

Forms of business

Limited-liability company

A limited-liability company is a legal entity established by its "members" (i.e. owners) through capital contributions to the company. The capital contribution of each member is treated as equity (charter capital). The members of a limited-liability company are liable for the financial obligations of the company to the extent of their charter capital contributions.

The management structure of a limited-liability company would normally consist of the "members' council", the chairman of the members' council, the (general) director and a controller (or board of supervisors where the limited-liability company has more than 11 members).

A limited-liability company established by foreign investors may take either of the following forms:

A 100% foreign-owned enterprise (where all members are foreign investors).

A foreign-invested joint-venture enterprise between foreign investors and at least one domestic investor.

Joint-stock company

A joint-stock company is a limited liability legal entity established through a subscription for shares in the company.

Under Vietnamese law, this is the only type of company that can issue shares. The charter capital of a joint-stock company is divided into shares and each founding shareholder holds shares corresponding to the amount of capital the shareholder has contributed to the company.

A joint-stock company is required to have at least three shareholders. There is no limit on the maximum number of shareholders in such companies.

The governance of a joint-stock company includes the general meeting of shareholders, the board of management, the chairman of the board of management, the general director and a board of supervisors (not compulsory if the joint stock company has less than 11 shareholders, or if a corporate shareholder holds less than 50% of the shares of the joint-stock company).

A joint-stock company may either be 100% foreign-owned or may take the form of a joint venture between both foreign and domestic investors.

Partnership

A partnership is a very rare form of investment. It may be established between two individual general partners. The general partner has unlimited liability for the operations of the partnership.

Branch

This is not a common form of foreign direct investment and is only permitted in a few sectors (e.g. banking and foreign law firms).

A branch is not an independent legal entity. Branches of foreign companies are different from representative offices in that a branch is permitted to conduct commercial activities in Viet Nam.

Business cooperation contract ("BCC")

A BCC is a cooperation agreement between foreign investors and at least one Vietnamese partner in order to carry out specific business activities.

This form of investment does not constitute the creation of a new legal entity. The investors in a BCC generally share the revenues and/or products arising from a BCC and have unlimited liability for the debts of the BCC.

Representative office

Foreign companies with business relations or investment projects in Viet Nam may apply to open representative offices in Viet Nam. A representative office may not conduct commercial or revenue-generating activities (i.e. the execution of contracts, receipt of income, sale of purchase of goods, or provision of services).

A representative office is only permitted to carry out the following activities:

Act as a liaison office

Conduct market research

Promote its head office's business and investment opportunities

This is a common form of registered legal presence in Viet Nam, particularly for those in the first stage of a market entry strategy.

Public and private partnership contract ("PPP")

A PPP contract is an investment form carried out based on a contract between the government authorities and project companies for infrastructure projects and public services.

PPP contracts include Build-Operate-Transfer, Build-Transfer, Build-Transfer-Operate, Build-Own-Operate, Build-Transfer-Lease, Build-Lease-Transfer and Operate-Manage contracts.

Both public and private investors are encouraged to participate in PPP contracts. The rights and obligations of the foreign investor will be regulated by the signed PPP contracts and the applicable regulations governing such contracts.

Investment sectors include:

- Transportation infrastructure and relevant services;
- Lighting systems, clean water supply systems, water drainage systems, water/waste collection and treatment systems, social/resettlement houses, cemeteries;
- Power plants and power transmission lines;
- Infrastructure for healthcare, educational and training, cultural, sport and relevant services, offices for government authorities;
- Infrastructure for commerce, science and technology, hydrometeorology, economic zone, industrial zone, high-tech zone, centralised information technology zone, information technology application;
- Infrastructure for agriculture and rural development, services for enhancing the correlation of agricultural production with processing and consumption of agricultural products; and
- Other sectors according to the Prime Minister's decisions.

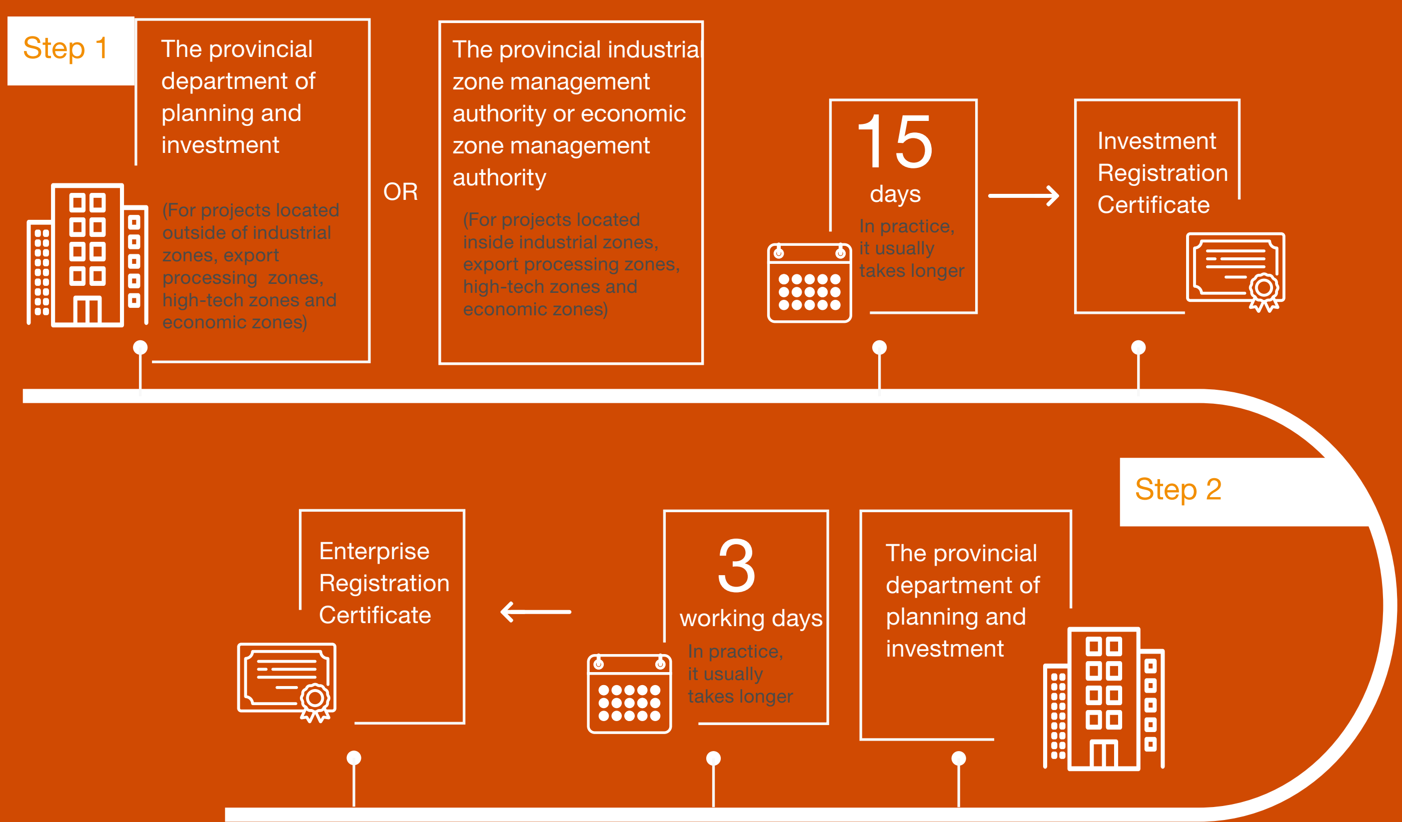
Liquidation and bankruptcy

A company can only be voluntarily liquidated if it is solvent and all creditors can be paid. The process generally takes 12 months or more and requires a final tax audit.

The Bankruptcy Law came into effect on 1 January 2015 setting out, inter alia, which parties can instigate bankruptcy proceeding, procedures for the appointment of a liquidator, organisation of creditors meetings and priority of creditor payments.

Setting Up a Business

Limited-liability company/Joint-stock company



Note: Investment in “conditional” sector activities is subject to more cumbersome licensing procedures. These may require an approval in principle, or the licence application to be reviewed also at the central government ministry level in Hanoi.

Representative office

The provincial department of industry and trade

7 working days

In practice, it usually takes longer

→

Representative Office Licence

Public-Private Partnership (PPP) project (such as BOT/BTO/BT project)

Investment agreement is signed with an "Authorised State Authority" ("ASA")

The Ministry of Planning and Investment

→

Investment Registration Certificate

Project contract is signed with the relevant state body and the project company is set up in the form of a limited liability company or a joint stock company.

FAQs for investing in Viet Nam

Viet Nam will continue its growth trajectory and foreign investment will remain a key driver for growth. Understanding the complexities of doing business in Viet Nam can be daunting.

The table below provides some of the questions that investors need to think about when making investment decisions. Subsequent chapters in the guide provide further details on some of the questions.

FAQs (samples)

Think about...

Viet Nam in general

- What is the demographic of Viet Nam?
- Which business areas are the Vietnamese Government encouraging foreign investors to engage in?
- How lucrative is Viet Nam compared to rest of South East Asian economies?
- How does Viet Nam rank in international rankings for ease of doing business?
- What is the legal institution in Viet Nam and what is the highest-level representative body of the people?
- What international agreements that Viet Nam is committed to?

Think about:

- Market assessment
- Background check
- References from current investors

Market entry strategy

- Size and growth of the addressable market? What's driving demand?
- What go-to-market strategy to quickly set-up and build my business in Viet Nam?
- Is my business sufficiently differentiated? How much should I localise?
- How does local Viet Nam legal and regulatory regime impact my identified industry?
- What do supply chain / distribution channels look like?
- Who would be suitable business partners for my business?

Think about:

- M&A strategy
- Legal and regulatory review
- Strategy (Market entry, Background check etc)
- Working capital management
- Purchase price allocation
- Business valuation

Market entry plan

- Has my plan considered local tax and legal implications?
- Do I need advice on local accounting standards / requirements?
- What HR laws/regulations do I need to take into an account?
- Is my HR plan sufficient to establish core competencies and skills? Do I need plans for talent localisation?

Think about:

- Tax structuring advice
- Negotiation support and SPA review
- Working capital management
- Business integration (Operational, Human Resource, Technology, Risk advisory etc)
- Regulatory compliance (Legal, Tax, Accounting)

3. Taxation

General overview

Most business activities and investments in Viet Nam will be affected by the following taxes:

- Corporate income tax;
- Foreign contractor tax
- Capital assignment profits tax;
- Value added tax;
- Import duties;
- Employment taxes.

All these taxes are imposed at the national level.

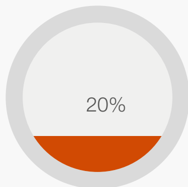
There are various other taxes that may affect certain specific activities, including:

- Special sales tax;
- Natural resources tax;
- Property taxes;
- Export duties;
- Environment protection tax.

[Scan/Click here for PwC's Pocket Tax Book 2020]

Tax rates

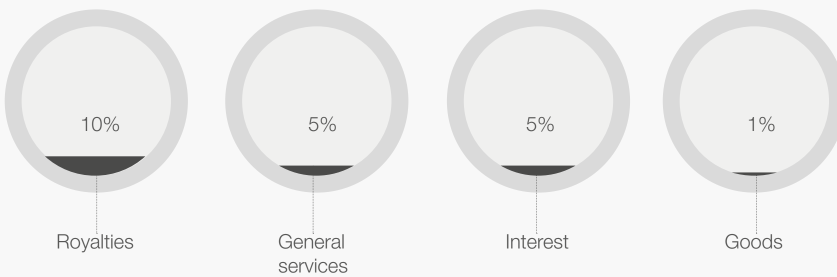
Corporate Income Tax ("CIT")



Value added tax ("VAT")

Foreign contractor taxes (Excluding VAT)

Levied on certain payments to foreign parties, rates depend on the nature of activities, e.g

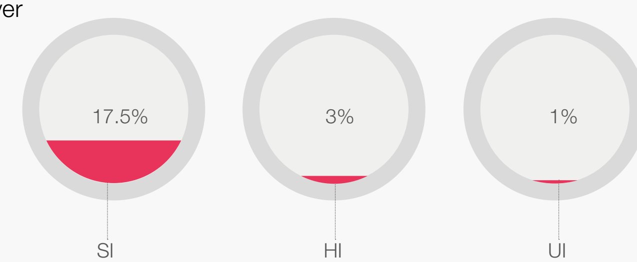


Personal Income Tax ("PIT")

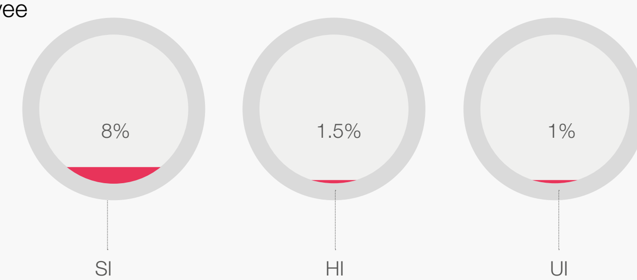
- PIT rates depend on residency status and nature of income.
- Tax residents are taxed on their world-wide taxable income, tax non-residents are taxed on their Viet Nam sourced income only.
- Employment income: for residents, progressive tax rates from 5 to 35% apply, for non-residents, a flat rate of 20% applies on the Viet Nam sourced income.
- Non-employment income: tax rates vary from 0.1% to 10%.

Social insurance ("SI"), Health insurance ("HI") and Unemployment insurance ("UI")

Employer



Employee



Tax incentives

- 10% preferential CIT rate for 15 years; and
- 4 years of tax exemption plus subsequent 9 years of 50% reduction

Based on	Applicable for
Sector	Certain encouraged sectors, including high technology, environmental protection, scientific research, infrastructural development, software production and renewable energy.
Location	Certain qualifying economic and high-tech zones, and especially difficult socio-economic areas.
Other	Qualified large scale manufacturing projects, investment project in manufacturing supportive industrial products prioritised for development, high-tech enterprises and agricultural enterprises applying high-tech.

- 17% preferential CIT rate for 10 years; and
- 2 years of tax exemption plus subsequent 4 years of 50% reduction

Based on	Applicable for
Sector	Certain encouraged sectors, including manufacturing of high quality steel, equipment for agricultural activities; development of traditional crafts.
Location	Difficult socio-economic areas.

Tax incentives have played an important role in attracting investment into Viet Nam. Recent years have seen a shift in the tax incentive focus with more high-value activities being incentivised.

- 10% preferential CIT rate for entire life and
- 4 years of tax exemption plus subsequent 5 to 9 years of 50% reduction

Based on	Applicable for
Sector Location	Certain public sector fields such as education, healthcare, culture, sports and located in regions with especially difficult or difficult socio-economic conditions.

- 20% preferential CIT rate for the entire life

Based on	Applicable for
Location	Qualified people's credit funds, cooperative banks and micro-finance institutions.

- 2 years of tax exemption plus subsequent 4 years of 50% reduction

Based on	Applicable for
Location	New investment project in qualified industrial zones.

Corporate income tax ("CIT")

Tax year end

The tax year end in Viet Nam is generally 31 December, but financial year end 31 March, 30 June, or 30 September are also possible.

Tax rates

The standard CIT rate is 20%.

Companies operating in the oil and gas industry are subject to CIT rates ranging from 32% to 50%.

Companies engaging in prospecting, exploration and exploitation of mineral resources are subject to CIT rates of 40% or 50%.

Calculation of taxable profits

Taxable profit is calculated as the difference between total revenue, whether domestic or foreign sourced, and deductible expenses, plus other assessable income.

Taxpayers are required to prepare an annual CIT return which includes a section for making adjustments to accounting profit to arrive at taxable profit.

Non-deductible expenses

Expenses are tax deductible if they actually incur and relate to the generation of revenue, are properly supported by suitable documentation (including bank payment evidence where the invoice value is VND20 million or above) and are not specifically identified as being non-deductible.

Losses

Taxpayers may carry forward tax losses fully and consecutively for a maximum of five years.

Losses arising from certain activities are allowed to offset against each other. Carry-back of losses is not permitted. There is no provision for any form of consolidated filing or group loss relief.

Administration

CIT taxpayers are required to make quarterly provisional CIT payments based on estimates. If the provisional quarterly CIT payments account for less than 80% of the final CIT liability, any shortfall in excess of 20% is subject to late payment interest.

Profit remittance

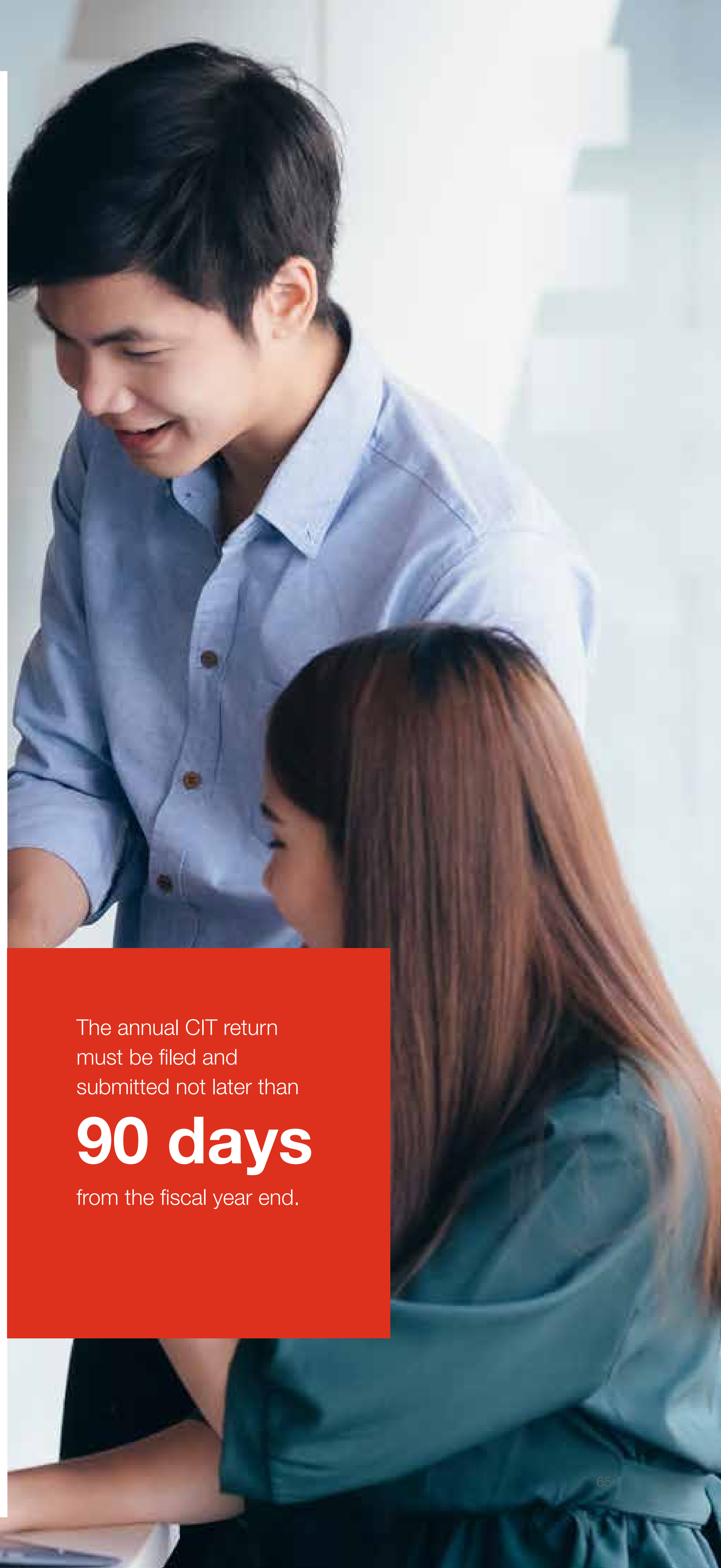
Foreign investors are permitted to remit their profits annually at the end of the financial year or upon termination of the investment in Viet Nam. Foreign investors are not permitted to remit profits if the investee company has accumulated losses.

Tax incentives

Preferential CIT rates apply from the commencement of generating revenue from the incentivised activities. The duration of application of the preferential tax rate can be extended in certain cases.

The tax holidays take the form of an exemption from CIT for a certain period beginning immediately after the enterprise first makes profits from the incentivised activities, followed by a period where tax is charged at 50% of the applicable rate.

Where an enterprise has not derived taxable profits within 3 years of the commencement of generating revenue from the incentivised activities, the tax holiday/tax reduction will start from the fourth year of operation.



The annual CIT return must be filed and submitted not later than

90 days

from the fiscal year end.

Capital assignment profits tax (“CAPT”)

Gains derived from the sale of a Viet Nam company are in many cases subject to 20% CIT. This is generally referred to as CAPT although it is not a separate tax.

(Please refer to our 2020 Pocket Tax Book for more details on determination of CAPT liability, filing obligation)

Transfer pricing (“TP”)

Decree 20/2017/ND-CP (“Decree 20”) and Circular 41/2017/TT-BTC (“Circular 41”) came into effect in May 2017, which are generally based on concepts and principles from the Transfer Pricing Guidelines of the Organisation for Economic Cooperation and Development (“OECD”) and Base erosion and Profit shifting (“BEPS”) Action Plan. Viet Nam’s TP rules also apply to domestic related party transactions.

Related party definition

The ownership threshold required to be a “related party” under Decree 20 is 25%. Decree 20 removes the previous related party definition of two entities having transactions between them accounting for more than 50% of their sales or purchases.

TP methodologies

The acceptable methodologies for determining arm’s length pricing are analogous to those espoused by the OECD in the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, i.e. comparable uncontrolled price, resale price, cost plus, profit split and comparable profits methods.

TP declaration forms

Compliance requirements include an annual declaration of related party transactions and TP methodologies used, and a taxpayer confirmation of the arm’s length value of their transactions (or otherwise the making of voluntary adjustments).

Taxpayers are also required to make declarations of information contained in the local file and master file.

The TP declaration forms must be submitted together with the annual CIT return within 90 days from the fiscal year end date.

TP documentation

Companies which have related party transactions must also prepare and maintain contemporaneous three-tiered TP documentation including master file, local file and country-by-country report.

The three-tiered TP documentation has to be prepared before the submission date of the annual tax return.

A taxpayer may be exempt from preparing TP documentation if certain conditions are met.

TP audit

There has been a marked increase in the number of transfer pricing audits performed in recent years, with these adopting an increasingly sophisticated approach, often challenging the validity of comparables cited in TP documentation.

20% of EBITDA cap on interest deductibility

Decree 20 introduces a 20% EBITDA cap on the tax deductibility of total interest expenses. The 20% EBITDA cap could be applied to both related party and third party loans.

Substance over form principle

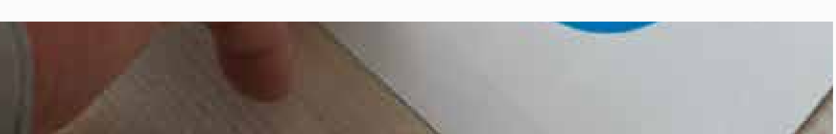
Decree 20 emphasises the need for closer scrutiny of all related party transactions to ensure that value creation is actually generated from intra-group transactions.

The substance over form principle is especially relevant to CIT deductibility and TP documentation must support such related party transactions.

Intercompany service charges

Decree 20 provides various criteria for the tax deductibility of intercompany service charges, notably, a taxpayer needs to demonstrate that the services provide commercial, financial and economic value, and provide evidence of the reasonableness of the service charge calculation method.

A tax deduction will not be allowed for intercompany service charges where the direct benefit or additional value to the taxpayer cannot be determined, such as duplicated services, shareholder costs.



Scope of application

FCT is applied to foreign organisations and individuals undertaking business or earning income sourced from Viet Nam on the basis of agreements with Vietnamese parties (including foreign owned companies).

FCT is not a separate tax, and comprises a combination of Value Added Tax ("VAT") and CIT, or Personal Income Tax ("PIT") for income of foreign individuals.

Payments subject to FCT include inter alia, interest, royalties, service fees, goods supplied within Viet Nam or associated with services rendered in Viet Nam. The applicable tax rates vary depending on the payment method and the nature of the transactions. Certain distribution arrangements where foreign entities are directly or indirectly involved in the distribution of goods or provision of services in Viet Nam are also subject to FCT.

FCT exemption is provided for certain cases, such as pure supply of goods, services performed and consumed outside Viet Nam and various other services performed wholly outside Viet Nam.

There are three methods for FCT payment and declaration:

Deduction method

Direct method

Hybrid method

Please refer to our 2020 Pocket Tax Book for more details on FCT rates, determination of FCT liability, and FCT filing obligations.

Double taxation agreements

The CIT element of FCT may be affected by a relevant Double Taxation Agreements (DTA) provided that certain conditions are met.

Viet Nam has signed around 80 DTAs and there are a number of others at various stages of negotiation.

Value added tax ("VAT")

VAT applies to goods and services used for production, trading and consumption in Viet Nam. In addition, VAT applies on the dutiable value of imported goods. For imported services, VAT is levied via the FCT mechanism.

There are two VAT calculation methods:

- Deduction method
- Direct calculation method

There are three VAT rates:

0%	5%	10%

VAT exemption is provided for certain goods and services. VAT refunds are only granted in certain cases. In other cases where a taxpayer's input VAT for a period exceeds its output VAT, it will have to carry the excess forward to offset future output VAT.

Invoicing

Entities in Viet Nam can use pre-printed invoices, self-printed invoices or electronic invoices. However, from November 2020, e-invoices will be compulsory for all enterprises.

November 2020

e-invoices will be compulsory for all enterprises

Please refer to our 2020 Pocket Tax Book for more details on DTA

Special sales tax ("SST")

SST is a form of excise tax that applies to the production or import of certain goods and the provision of certain services.

The taxable price of domestically produced goods sold by a manufacturer/ imported goods sold by an importer is the selling price exclusive of SST and environment protection fee.

Where the selling price is not considered as in line with the ordinary market price, the tax authorities may seek to deem the tax. The taxable price of imported goods upon importation is the dutiable price plus import duties.

Where manufactured or imported goods are subsequently sold by a trading entity to entities which are not third parties, an anti-avoidance provision may impose minimum taxable price in certain cases.

SST amount paid on material imported or purchased from domestic suppliers is creditable provided certain conditions are met.

Please refer to our 2020 Pocket Tax Book for more details on SST rates, determination of SST liability, and SST filing obligation.

Import and export duties

Rates

Import and export duty rates are subject to frequent changes. Import duty rates are classified into 3 categories:

- Ordinary rates
- Preferential rates
- Special preferential rates

To be eligible for preferential rates or special preferential rates, the imported goods must be accompanied by an appropriate Certificate of Origin.

Calculation

In principle, Viet Nam follows the WTO Valuation Agreement with certain variations. The dutiable value of imported goods is typically based on the transaction value. Where the transaction value is not applied, alternative methodologies for the calculation of the dutiable value will be used.

Exemptions and refunds

Import duty exemptions are provided for projects which are classified as in encouraged sectors/locations and other goods imported in certain circumstances. Import duty refunds are also possible for various cases.

Export duties

Export duties are charged only on a few items, basically natural resources with rates range from 0% to 40%.

Please refer to our 2020 Pocket Tax Book for more details.

Personal income tax ("PIT")

Tax residency

Individuals earning income from Viet Nam are subject to PIT, depending on their residency status. Residents are those individuals meeting one of the following criteria:

- Residing in Viet Nam for 183 days or more in either the calendar year or the period of 12 consecutive months from the date of arrival;
- Having a permanent residence in Viet Nam (including a registered residence which is recorded on the permanent/temporary residence card, or a rented house in Viet Nam with a lease term of 183 days or more in a tax year in case of foreigners) and unable to prove tax residence in another country.

Please refer to our 2020 Pocket Tax Book for more details.

Tax rates

Tax residents are subject to Vietnamese PIT on their worldwide taxable income. Employment income is taxed on a progressive tax rates basis ranging from 5% to 35%. Other income is taxed at a variety of different rates.

Tax non-residents are subject to PIT at a flat tax rate of 20% on their Viet Nam related employment income, and at various other rates on their non-employment income. However, this will need to be considered in light of the provisions of any DTA that might apply.

In respect of tax residents who have overseas income, PIT paid in a foreign country on the foreign income is creditable.

Please refer to our 2020 Pocket Tax Book for more details.

Social, Health and Unemployment insurance contributions

Unemployment insurance ("UI") contributions are applicable to Vietnamese individuals only.

Health insurance ("HI") contributions are required for Vietnamese and foreign individuals that are employed under Viet Nam labour contracts for at least 3 months.

From 1 December 2018, Social Insurance ("SI") contributions are payable by both Vietnamese and foreign individuals working in Viet Nam under employment contracts with an indefinite term or a definite term of 1 year or more.

Please refer to our 2020 Pocket Tax Book for more details.

On 17 March, the Prime Minister issued Directive 11 setting out measures to help address difficulties faced by both businesses and individuals due to COVID-19 outbreak. Following Directive 11, some new regulations have been issued by ministries/state agencies to support impacted businesses.

Please refer to our Newsbrief on Directive 11 for more details.

Extension of certain tax payment deadlines

One of this new regulations is Decree 41 regarding the extension of deadlines for payments of taxes and land rental fee, which was released on 8 April 2020 and took effect from the signing date. The Decree is applicable to companies engaging in certain eligible business activities and generating revenue from such activities in 2019 or 2020 including: manufacturing sector, service sector and other in-scope sectors/activities.

Please refer to our Newsbrief on Decree 41 for more details

Extension of deadline to pay VAT and CIT

The deadline for VAT payments for March, April, May and June 2020 (for companies declaring VAT on a monthly basis) and Quarter 1 and Quarter 2 2020 (for companies declaring VAT on a quarterly basis) will be extended to 5 months from the statutory deadline. Of note, this will not apply to import VAT.

The deadline for payments of CIT due per the FY19 CIT final return and the provisional CIT payments for Quarter 1 and Quarter 2 of 2020 will be extended to 5 months from the statutory deadline. In case companies already settled FY19 CIT payments, such companies can offset this CIT against other kinds of taxes.

Dependent units and branches of in-scope companies which separately file VAT and CIT returns at local tax departments will also be entitled to the above extensions. However in case branches and dependent units do not conduct in scope business activities, they are not entitled to extensions.

Extension of deadline to pay VAT and PIT for individuals and business households

The deadline for payments of VAT & PIT will be extended to 31 December 2020, applicable to individuals and business households which engage in eligible in scope business activities.

Extension of deadline to pay annual land rental fee

An extension of 5 months for the first payment of 2020 (from 31 May 2020) will be granted to those who directly lease land from the State, pay land rental fee on an annual basis and conduct in-scope business activities.

Other tax reliefs

On 29 May 2020, the Government issued Resolution 84/NQ-CP aimed at further reduction of the pandemic's impact on businesses. Under this Resolution, the Government will:

- Reduce by 15% land rent due in 2020 for impacted enterprises that lease land from the State under the annual payment regime;
- Reduce by 50% registration fees when registering domestically manufactured/ assembled cars until the end of 2020;
- Extend the deadline for the payment of special sales tax on domestically manufactured/assembled cars for the March 2020 tax declaration onwards until 31 December 2020. Also propose amending SST regulations to stimulate domestic manufacturing;

- Allow donations for anti-pandemic activities to be deductible for corporate income tax purposes.

Resolution 84 contains further proposals for tax reductions and instruction for ministries to conduct certain tasks.

Please refer to our Newsbrief on Resolution 84 for more details

Suspension/postponement of Social insurance ("SI") and trade union finance contributions

Guidance by the central government authorities:

- Applicable scope: Companies involved in passenger transport, tourism, accommodation, restaurants and other sectors satisfying certain conditions.
- Timing: Vietnam Social Security ("VSS") will receive and settle applications (note this requirement for formal applications) for such suspensions until June 2020. If the pandemic is not under control by the end of June, VSS may consider extending this until December.
- During the suspension, companies must still contribute SI premiums to the other two SI funds (i.e. Sickness and Maternity Fund, and Labour Accident and Occupational Disease Fund) as well as HI and UI premiums to ensure employee benefits.

Guidance by local authorities:

Impacted businesses must contact their provincial Department of Labour, War Invalids and Social Affairs ("DOLISA") (if they have temporarily laid off 50% of their labourers) or the provincial Department of Finance ("DoF") (if they are suffering a loss of over 50% of total assets) for assessment. DOLISA and DoF may delegate this task to their subsidiary offices at district level. Qualifying companies must then submit the confirmations issued by DOLISA/DoF or the district level authorities to the relevant Social Insurance Agencies ("SIA") for SI contribution suspension.

Please refer to our Newsbrief for more details

State bank of Viet Nam's support to customers during Covid-19 outbreak

On 13 March, the State Bank of Viet Nam (SBV) issued Circular 01/2020/TT-NHNN (Circular 01) on debt rescheduling, interest/charge exemption and reduction, and keeping debt category classification to support customers affected by the COVID-19 outbreak. This Circular took effect from March 13, 2020.

Debt subject to restructuring of debt payments must fully meet certain conditions.

The debt repayment rescheduling will be implemented in the following cases:

- Non-overdue debt balances or debt balances that are overdue up to 10 days; and
- Overdue debt balances during the period from 23 January 2020 to the following day of 15 days after this Circular takes effect (i.e. 29 March 2020).

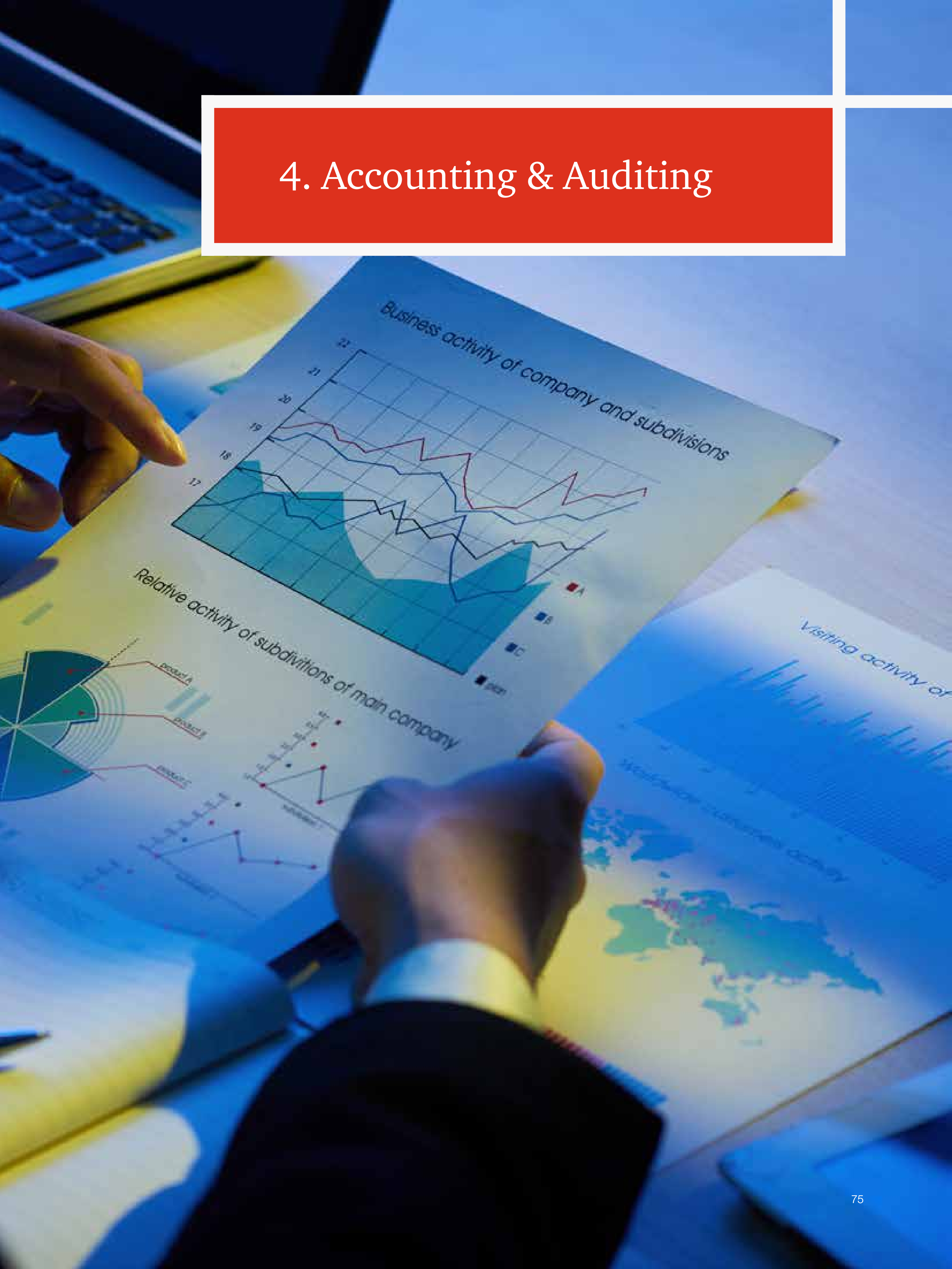
The extension of debt repayment shall not exceed 12 months from the last day of the loan period or financial leasing period under signed contracts/agreements.

Banks will decide by themselves interest and charge exemption/reduction according to their internal regulations, applicable for debt principal and/or interest payment obligations due from 23 January 2020 to the following day of the last day of three months from the date the Prime Minister announces the end of the COVID-19 pandemic.

Banks can keep unchanged the most recent debt category classified before 23 January 2020 for certain debt balances as prescribed in Circular 01.

Scan/Click here for PwC's Tax Newsbriefs

4. Accounting & Auditing



Accounting framework

Vietnamese accounting standards

There are currently 26 Vietnamese Accounting Standards ("VAS"). All of these standards were issued between 2001 and 2005 and were primarily based on the old versions of the respective International Accounting Standards at that time with certain customisations to fit Viet Nam's circumstances. Viet Nam has yet to issue accounting standards for areas such as financial instruments and impairment of assets.

Accounting law and applicable implementation guidance

In Viet Nam, the Accounting Law is the highest accounting regulation issued by the National Assembly. Accounting activities are further governed by a system of decisions, decrees, circulars, official letters and Vietnamese Accounting Standards.

The accounting framework in Viet Nam is mainly rules-based. The Vietnamese Accounting System is seen as the book-keeping and financial reporting manual that provides a standard chart of accounts, financial statements template, accounting books and voucher templates, as well as detailed guidance on double entries for specific transactions.

There are industry-specific accounting guidelines for credit institutions, insurance companies, securities companies, fund managers and investment funds. The accounting guidelines for credit institutions are issued by the State Bank of Viet Nam ("SBV").

Accounting records

12

months

is duration of the accounting period

"Accounting records are generally required to be maintained in Vietnamese Dong ("VND")"

[Scan/Click here for PwC's Newsbriefs]

Framework

Vietnamese Accounting System

Language

Accounting records are required to be maintained in the Vietnamese language, but this can be combined with a commonly-used foreign language.

Accounting period

An accounting period is generally 12 months in duration. The first accounting period must not be longer than 15 months from the license date for a newly setup company. The last accounting period must not exceed 15 months.

Currency

Accounting records are generally required to be maintained in Vietnamese Dong ("VND"). Entities that receive and pay mainly in a foreign currency can select that foreign currency to be used in their accounting records and financial statements provided that they meet all the stipulated requirements. However, for statutory reporting, entities using another currency as their accounting currency must convert their financial statements prepared in that accounting currency into VND.

Accounting documents

Accounting vouchers and records can be stored either in hard or soft (electronic) copies. Entities are not required to print out the electronic versions of accounting vouchers and records for storage. Upon request from competent authorities in relation to testing, inspection, monitoring and auditing, entities may be required to print out records stored on electronic media and have them signed by their legal representatives and chief accountants (or accountants in charge) and stamped (if there is an applicable seal).

Retention

Five years for those documents used for the management or operation of the enterprise; ten years for accounting data and records; and permanently for documents that are important to the economy, national security and defense.

Accounting records are seen as a basis for assessing VAS non- compliance. The tax authorities treat VAS non-compliance as a basis for tax reassessment and imposition of penalties, including withdrawal of Corporate Income Tax ("CIT") incentives, disallowance of expenses for CIT purposes and denial of input VAT credits/refunds.

Financial reporting

The basic set of financial statements prepared under VAS comprises the following:

- Balance sheet
- Income statement
- Cash flow statement
- Notes to the financial statements, including a disclosure on changes in equity

An enterprise is required to appoint a chief accountant who must satisfy the criteria and conditions stipulated by the Accounting Law and other regulations. The annual financial statements must be approved by the chief accountant and the legal representative and a copy of the financial statements must be submitted to the local authorities within 90 days of the end of the financial year.

Scan/Click here for PwC's Newsbriefs

Audit requirements

Internal audit

Decree No.05/2019/ND-CP provides a legal framework for the establishment and implementation of internal audit as well as the roles and responsibilities of the internal audit function and other stakeholders. The purpose of the decree is for entities to adopt international best practices in internal audit, enhancing the transparency of information in the marketplace and the efficiency and effectiveness of corporate governance. This decree came into effect on April 1, 2019. Within 24 months of the effective date, the target groups of this decree must complete necessary preparation tasks and be ready for the implementation of internal audit in accordance with the decree.

Target groups of the decree:

- Enterprises including: listed companies; enterprises with more than 50% of their charter capital held by the State, which are parent companies operating in a parent-subsidiary business model; and State enterprises which are parent companies operating in a parent-subsidiary business model.
- Organisations and individuals conducting internal audit activities.
- State-owned public service units satisfying certain requirements.
- Other governmental agencies required by the decree.

47

Auditing standards

External audit

Viet Nam has issued 47 auditing standards which are primarily based on International Standards of Auditing with certain local customisations.

The annual financial statements of all foreign-invested entities must be audited by an independent auditing company operating in Viet Nam. Audited annual financial statements must be completed within 90 days of the end of the financial year. These financial statements should be filed with the applicable licensing body, the Ministry of Finance ("MoF"), local tax authorities, the Department of Statistics and other relevant authorities.

Audit contracts should be signed no later than 30 days before the end of the fiscal year. Entities are legally responsible for providing timely and sufficient information as well as explanations to the auditor.

There is a requirement to rotate audit firms after five consecutive years for credit institutions. For entities other than credit institutions, the signing auditors are required to be rotated off after three consecutive years.

Moving to International Financial Reporting Standards ("IFRS")

The MoF has focused on promoting IFRS adoption in Viet Nam. On 16 March 2020, the MoF issued Decision No.345/QD-BTC approving the scheme for application of IFRS in Viet Nam. The roadmap divides the IFRS implementation into 3 stages:

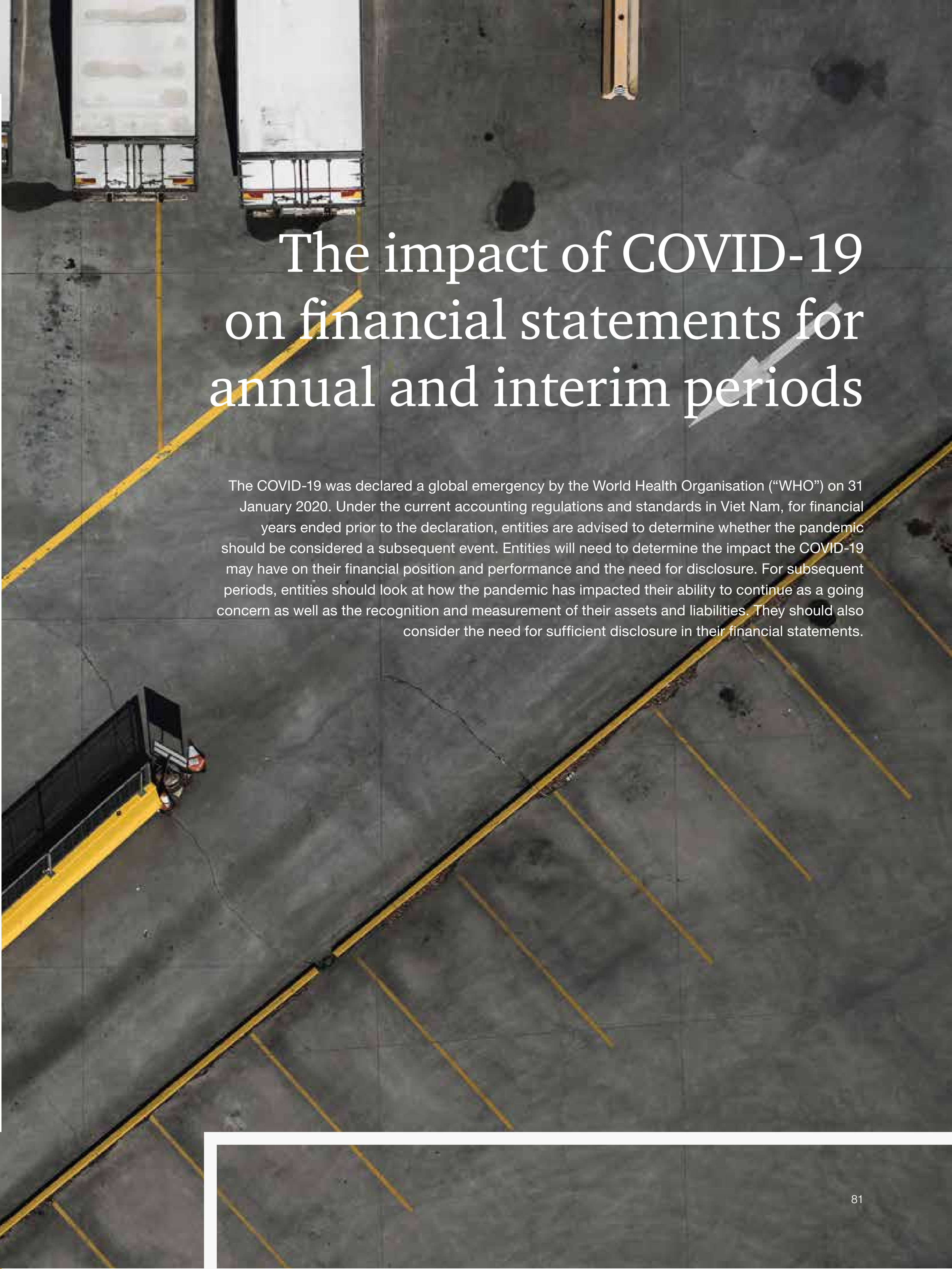
Stage 1 – IFRS preparation (from 2020 to 2021): The MoF makes necessary preparations for the roadmap implementation in order to support businesses adopting IFRS from 2022 onwards. These preparations include: publishing a Vietnamese translation of IFRS standards, training, building guidelines for IFRS implementation, etc.

Stage 2 – IFRS pilot implementation (from 2022 to 2025): Those companies which have the need and resources may inform the MoF of voluntary adoption to prepare consolidated financial statements including parent companies of state-owned groups, listed companies that are parents within a group of entities and large unlisted public companies and other parent companies. FDI companies may adopt IFRS for their separate financial statements on a voluntary basis, provided that they supply all required information and transparent reports to the authorities about their contributions to the State budget.

Stage 3 – IFRS compulsory implementation (from 2025 onwards): IFRS will be compulsory for consolidated financial statements of all SOEs, listed companies and large unlisted public companies. Other businesses that operate as parent companies may prepare IFRS consolidated financial statements on a voluntary basis. All remaining businesses may adopt IFRS for their separate financial statements on a voluntary basis, provided that they supply all required information and transparent reports to the authorities about their contributions to the State budget.

IFRS is expected to bring benefits to businesses including better information transparency and comparability in financial reporting which would then translate into easily providing useful financial information to relevant stakeholders and attracting foreign capital flows.

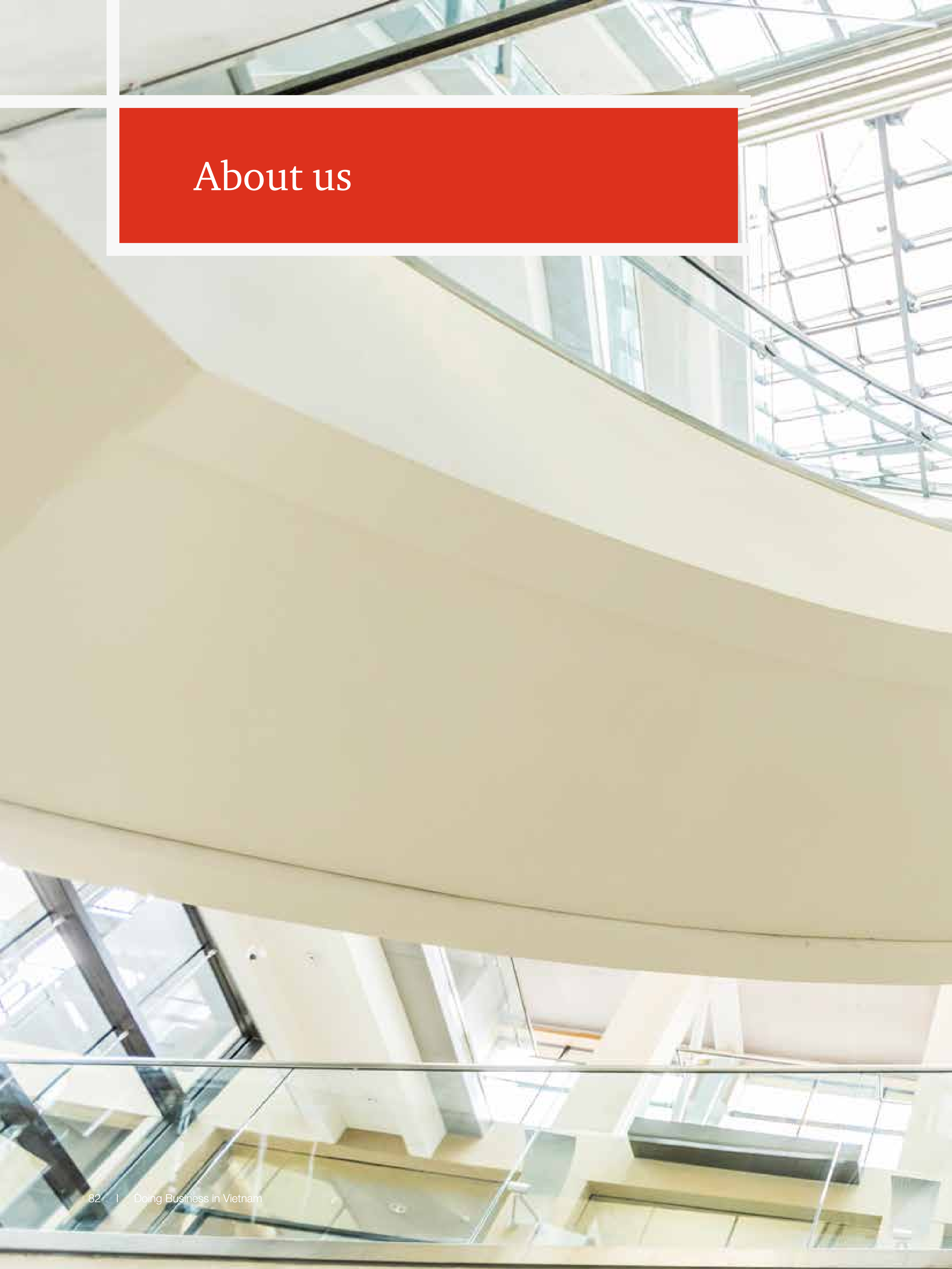
Scan/Click here for PwC's IFRS information



The impact of COVID-19 on financial statements for annual and interim periods

The COVID-19 was declared a global emergency by the World Health Organisation ("WHO") on 31 January 2020. Under the current accounting regulations and standards in Viet Nam, for financial years ended prior to the declaration, entities are advised to determine whether the pandemic should be considered a subsequent event. Entities will need to determine the impact the COVID-19 may have on their financial position and performance and the need for disclosure. For subsequent periods, entities should look at how the pandemic has impacted their ability to continue as a going concern as well as the recognition and measurement of their assets and liabilities. They should also consider the need for sufficient disclosure in their financial statements.

About us



PwC Vietnam

At PwC Vietnam, our purpose is to build trust in society and solve important problems.

155
countries

We're a member of the PwC network of firms

We're a member of the PwC network of firms, which operates in 155 countries around the world and employs more than 284,000 people. Our people throughout the network are committed to delivering the highest standards of quality in relation to the assurance, advisory, tax and legal services we deliver.

PwC Vietnam established offices in Hanoi and Ho Chi Minh City in 1994.

Our team of around 1,000 local and expatriate staff have a thorough understanding of the economy in which they work and have an in-depth knowledge of Viet Nam's policies and procedures covering areas such as investment, legal, taxation and regulatory matters, accounting, and mergers and acquisitions.

We have built strong relationships with key ministries, financial institutions, state-owned enterprises, private companies, commercial organisations and the ODA (Official Development Assistance) community in Viet Nam.

Over the past 25 years of operations, PwC Vietnam has committed to driving sustainable growth within our company and in the wider business community. With strong industry knowledge that our clients require at a local level, we bring a breadth of skills and depth of resources to our clients wherever they do business, throughout Asia and across the world.

Industry insights

Our teams are organised by business area to provide focused support on issues specific to any given industry. We have expertise in the following industries, amongst others:

1994

is when PwC Vietnam established offices in Hanoi and Ho Chi Minh City

1,000

Local and expatriate staff in Viet Nam

- Banking and capital markets
- Engineering and construction
- Financial services
- Industrial products
- Retail and consumer
- Oil and gas
- Pharmaceuticals and healthcare
- Real estate
- Technology
- Telecommunications

Our services

PwC Vietnam provides clients with high-quality and industry-focused services, by developing and cultivating strong interpersonal relationships in order to truly understand your business and your needs. We can draw upon rich specialist resources from our regional and global network, combined with deep experience of the Vietnamese market. Our multi-disciplinary practice allows us to provide an unrivalled level of support to our clients.

Discover the benefits we can bring to you – whatever the size of your organisation – in the following areas: Audit & Assurance, Consulting, Deals, Tax and Legal.

Audit & Assurance

- Audit of Financial Statements
- Review of Financial Information
- Custom Business Procedures
- IFRS and Accounting Advisory Services
- IT-Cyber security risk Assurance
- Risk Assurance Services
- Capital Markets Services

Consulting

- Banking Financial Services
- Forensics
- Robotic Process Automation
- Finance Function Effectiveness
- Cost and Performance Management
- Operations
- Governance, Risk & Compliance
- People and Organisation
- Strategy
- Technology

Legal

- Mergers and Acquisitions
- Banking and Financial Services
- Employment and Human Resources
- General Corporate and Commercial Services
- Inward Investor Services
- Legal Compliance/Company Secretarial Services
- Legal Health Checks
- Real Estate
- Intellectual property & technology transfer

Deals

- Transactions Services
- Corporate Finance
- Valuation
- Business Restructuring
- Capital Projects & Infrastructure
- Infrastructure, Government & Utilities
- Deals Strategy
- Delivering Deal Value
- Working Capital Management

Specific groups of clients

We also provide tailored support to specific groups of clients with service packages such as:

- Private Business Services
- European Business Services
- Japanese Business Services
- Korean Business Services
- Chinese and Taiwanese Business Services

Tax

- Tax and Customs Consulting Services
- Compliance Services for Tax, Transfer Pricing and Customs areas
- Health-check Services for Tax, Customs and Legal areas
- Tax Due Diligence and Structuring
- Transfer Pricing Services
- Tax Dispute Resolution Services
- Tax Technology Solutions
- Customs Audit Assistance Service
- Personal Income Tax
- Assignment Services
- Payroll Outsourcing
- Immigration Services

For the full suite of PwC Viet Nam's services, visit our website https://www.pwc.com/vn

Our values

At PwC, our purpose is to build trust in society and solve important problems. We take pride in creating differentiated value through a network of technology-enabled innovators, who are committed to delivering client services from strategy through execution and improve the transparency, trust, and integrity of business practices.

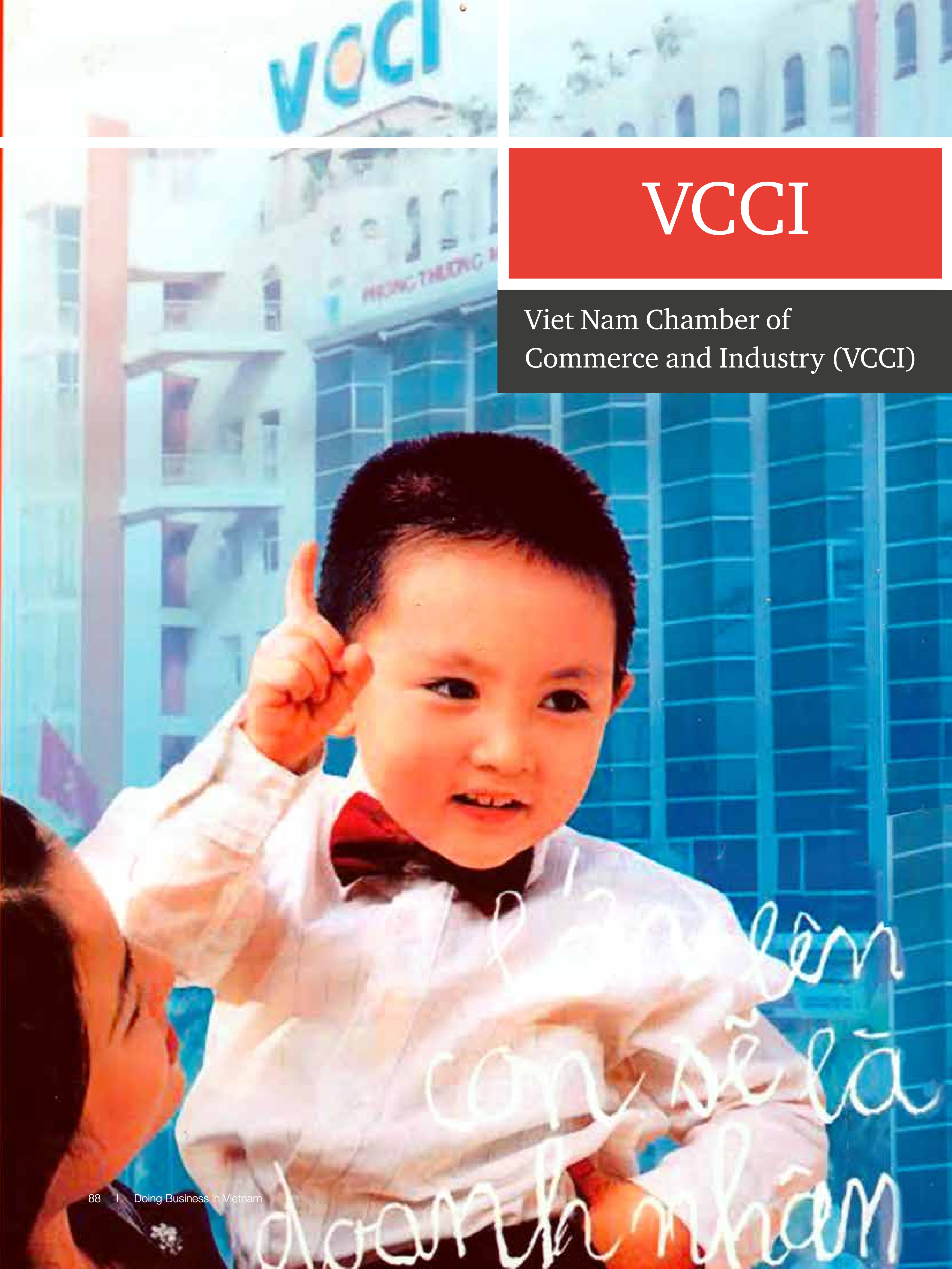
Our five core values below help us achieve our purpose and deliver high-impact support to our clients.

- Reimagine the possible
- Make a difference
- Act with integrity
- Care
- Work together

[Scan/Click here for PwC Vietnam]

VCCI

Viet Nam Chamber of Commerce and Industry (VCCI)



Note: State President, Party General Secretary Nguyen Phu Trong gave directions for VCCI's operations

Founded in 1963 in Hanoi, the Viet Nam Chamber of Commerce and Industry (VCCI) is a nationwide organisation that brings together and represents the business community, employers and business associations in Viet Nam. It is devoted to accelerating the socio-economic development of the country and promoting commercial, economic, scientific and technological cooperation between Viet Nam and other economies in the world.

VCCI is an independent, non-governmental, non-profit organisation, which has the status of a legal entity and operates with financial autonomy.

Through its activities both in Viet Nam and abroad, VCCI has been actively contributing to the renovation of the country, improvement of the business environment, development of mutually beneficial public-private partnerships, stimulation of economic growth and Viet Nam's integration in the regional and international economy.

VCCI has its headquarters in Hanoi and nine branches and representative offices stationed in key economic areas of the country.

Our Key Activities

Government - Business Dialogue

is hosted annually with the Prime Minister and high-ranking officials from Ministries. This serves as a high- level communication channel between the business community and the VietnameseGovernment on various topics regarding the improvement of the business environment.

Provincial Competitiveness Index (PCI)

is a joint project of VCCI and the United States Agency for International Development (USAID), which started in 2005 to survey, research and reflect businesses' opinions on an annual basis in order to rank the economic governance quality of provincial authorities in creating a favourable business environment.

Website: www.pciVietNam.org

Bilateral Business Forums

are organised each year, both domestically and globally on the occasion of high-level official visits between Viet Nam and other countries. These facilitate the connections between Viet Nam and business communities abroad.

WTO and Economic Integration Centre

is our biggest information source on international trade policies for businesses in Viet Nam as well as the largest focal point for businesses in taking advocacy actions relating to WTO, FTAs and other trade commitments of Viet Nam.

Website: wtocenter.vn

Small and Medium Enterprise (SME)

support projects such as Start and Improve Your Business (SIYB) are carried out frequently, providing tremendous support to business start-ups in Viet Nam.

Viet Nam Business Annual Report

is an important publication for policymakers, businesses and people seeking to learn about business development in Viet Nam since 2006.

Website: vbis.vn

and many more…

Contact us

PwC Vietnam offices

Ho Chi Minh City office
8th Floor, Saigon Tower
29 Le Duan Street
District 1
Ho Chi Minh City, Viet Nam
T: +84 28 3823 0796

Hanoi office
16th Floor, Keangnam Landmark 72
Pham Hung Road
Nam Tu Liem District
Hanoi, Viet Nam
T: +84 24 3946 2246
Website: www.pwc.com/vn

Viet Nam Chamber of Commerce and Industry

Hanoi headquarters
9 Dao Duy Anh Street, Dong Da District,
Hanoi, Viet Nam
T: +84 24 35742022
F: +84 24 35742020
Email: vcci@vcci.com.vn
Website: http://vcci.com.vn/

Ho Chi Minh City branch
171 Vo Thi Sau Street, Ward 7, District 3,
Ho Chi Minh, Viet Nam
Tel: +84 28 3932 6598
Fax: +84 28 3932 5472
Email: info@vcci-hcm.org.vn
Website: http://vcci-hcm.org.vn/

Key contacts (PwC Vietnam)

Dinh Thi Quynh Van
General Director, Partner
Tax Services
T: +84 24 3946 2246
E: dinh.quynh.van@pwc.com

Grant Dennis
Chairman, Partner
Consulting Services
T:+84 28 3823 0796
E: dennis.a.grant@pwc.com

Johnathan Ooi
Partner
Deals Services
T: +84 28 3823 0796
E: johnathan.sl.ooi@pwc.com

Mai Viet Hung Tran
Partner
Audit & Assurance Services
T: +84 28 3823 0796
E: mai.hung.tran@pwc.com

Nguyen Phi Lan
Partner
Audit & Assurance Services
T: +84 24 3946 2246
E: nguyen.phi.lan@pwc.com

Nguyen Thanh Trung
Partner
Tax Services
T: +84 28 3823 0796
E: nguyen.thanh.trung@pwc.com

Phan Thi Thuy Duong
Partner
Legal Services
T: +84 28 3823 0796
E: phan.thi.thuy.duong@pwc.com

Ong Tiong Hooi
Partner
Deals Services
T: +84 28 3823 0796
E: tiong.hooi.ong@pwc.com

Thank you

pwc