



DEZAN SHIRA & ASSOCIATES

Your Partner for Growth in Asia



Vietnam's Reopening

*Why Vietnam Is Still An Attractive
Destination for US Businesses*



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Today's Speaker



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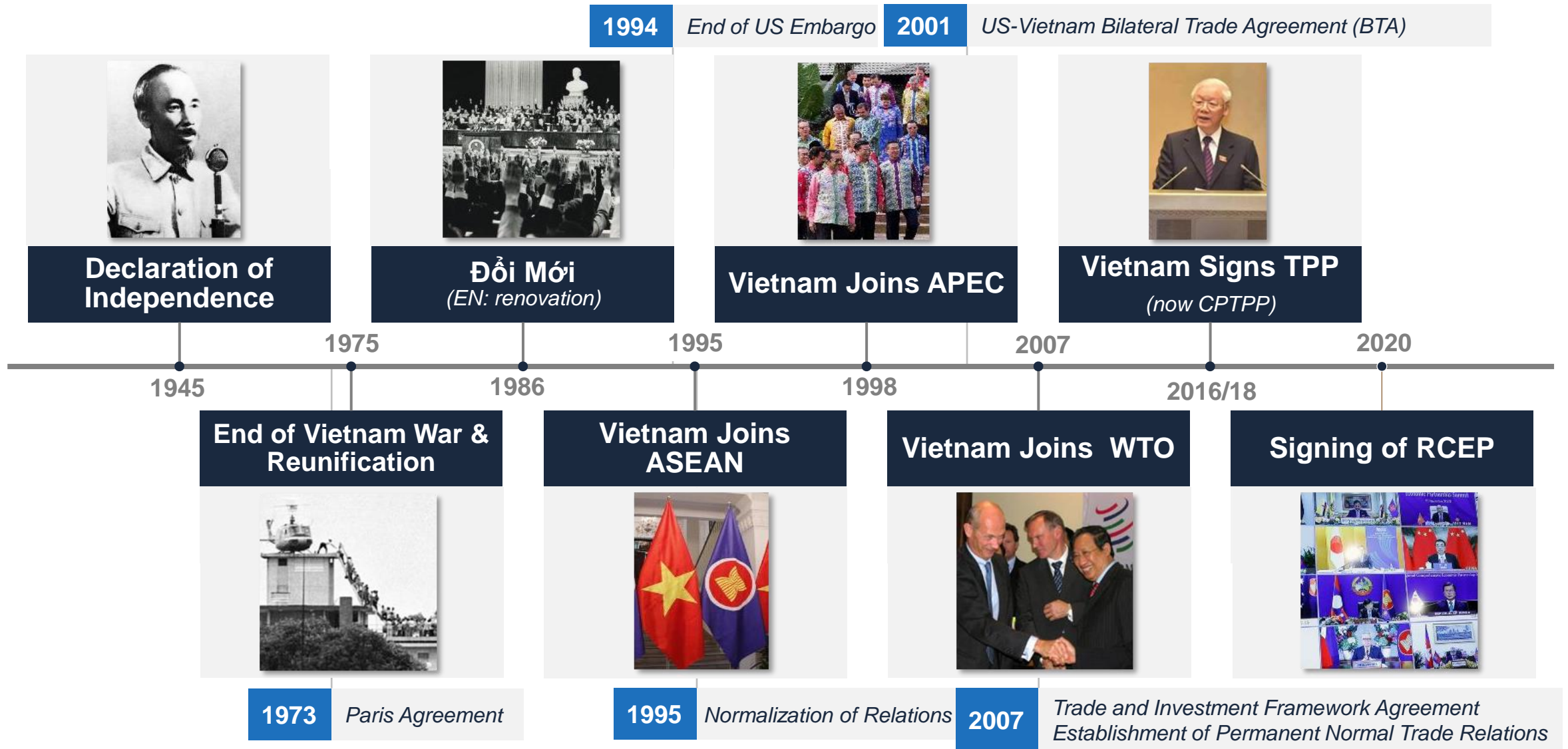


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US-Vietnam Trade & Investment

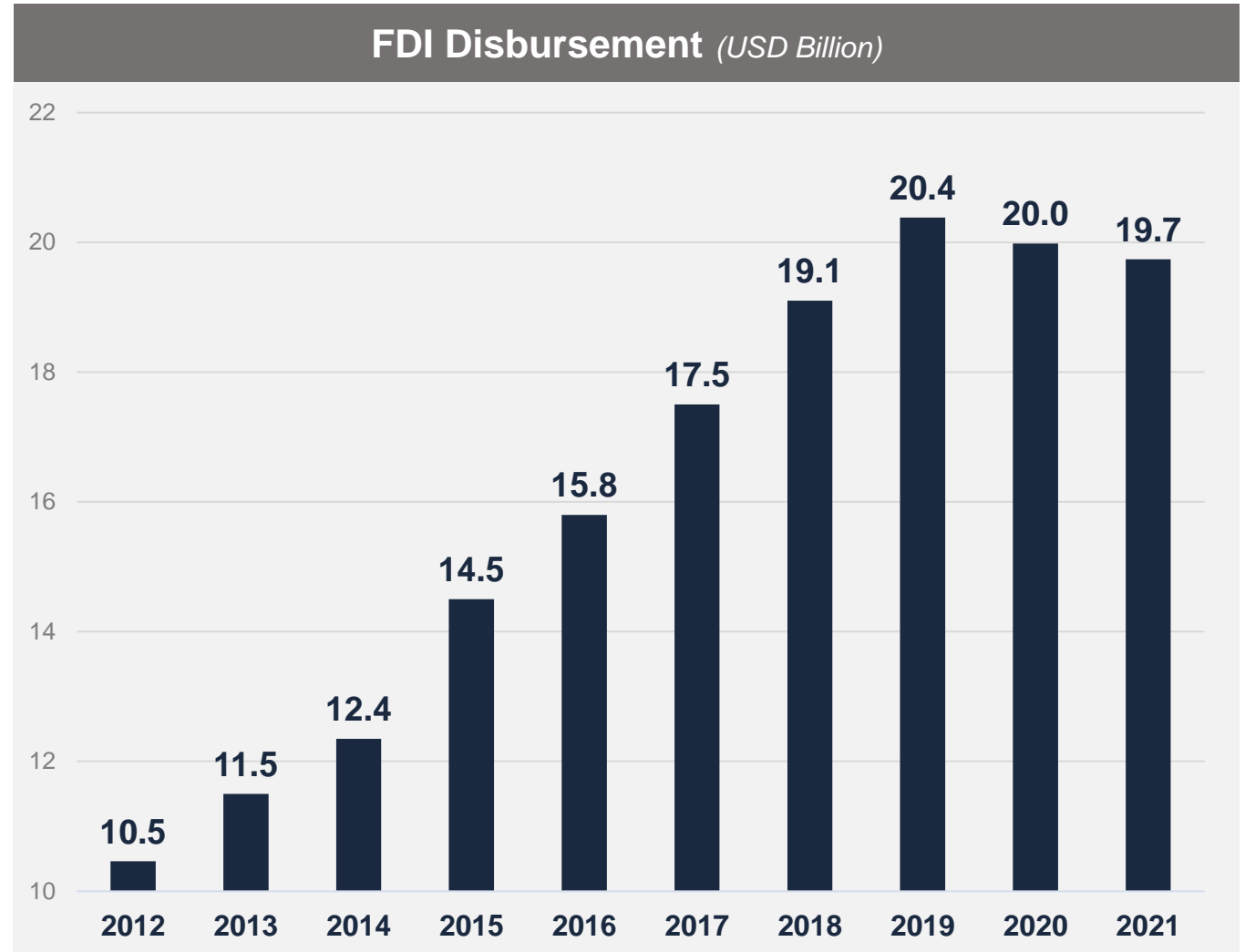


Key Milestones *recent Vietnam-US history*

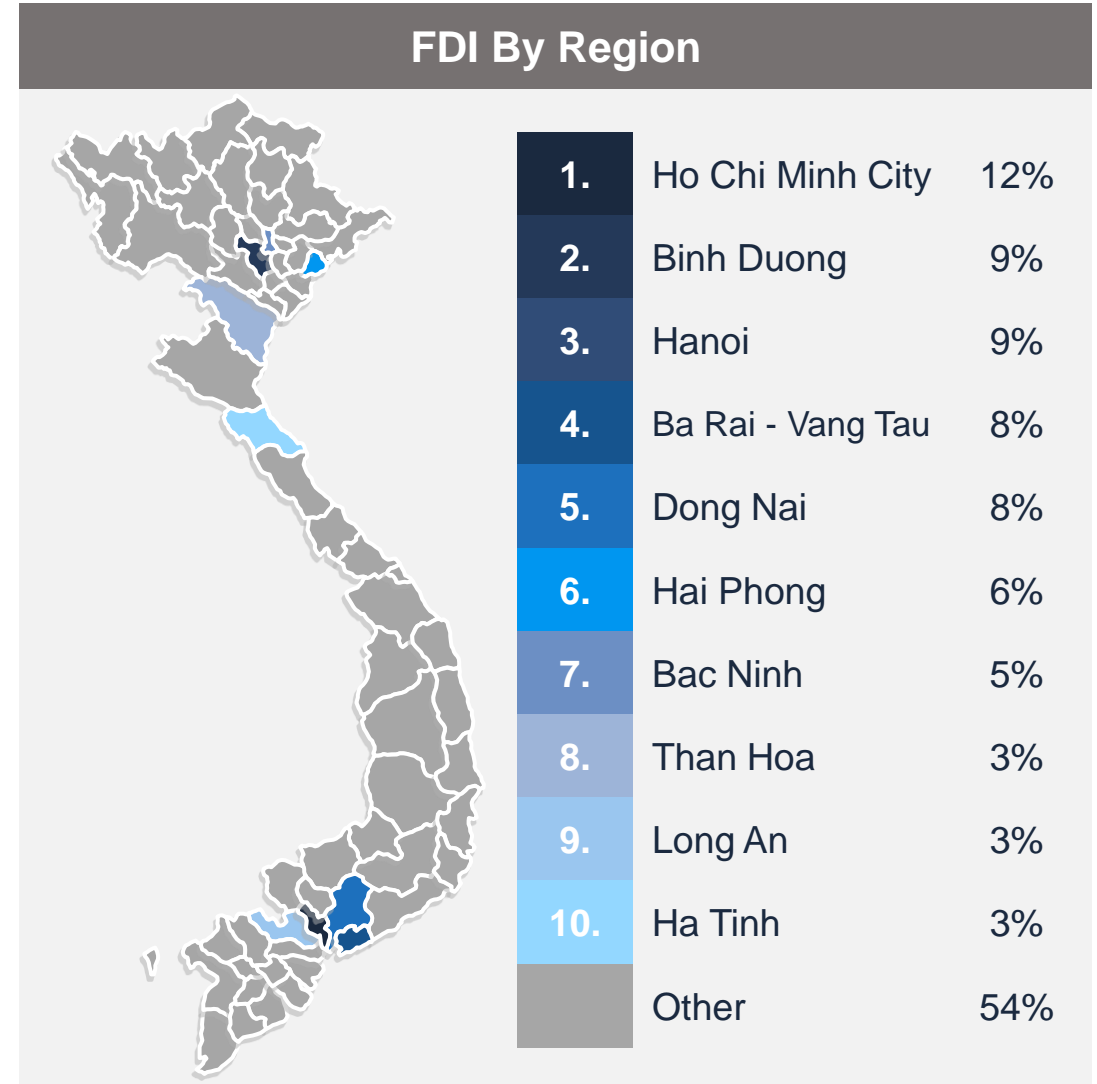
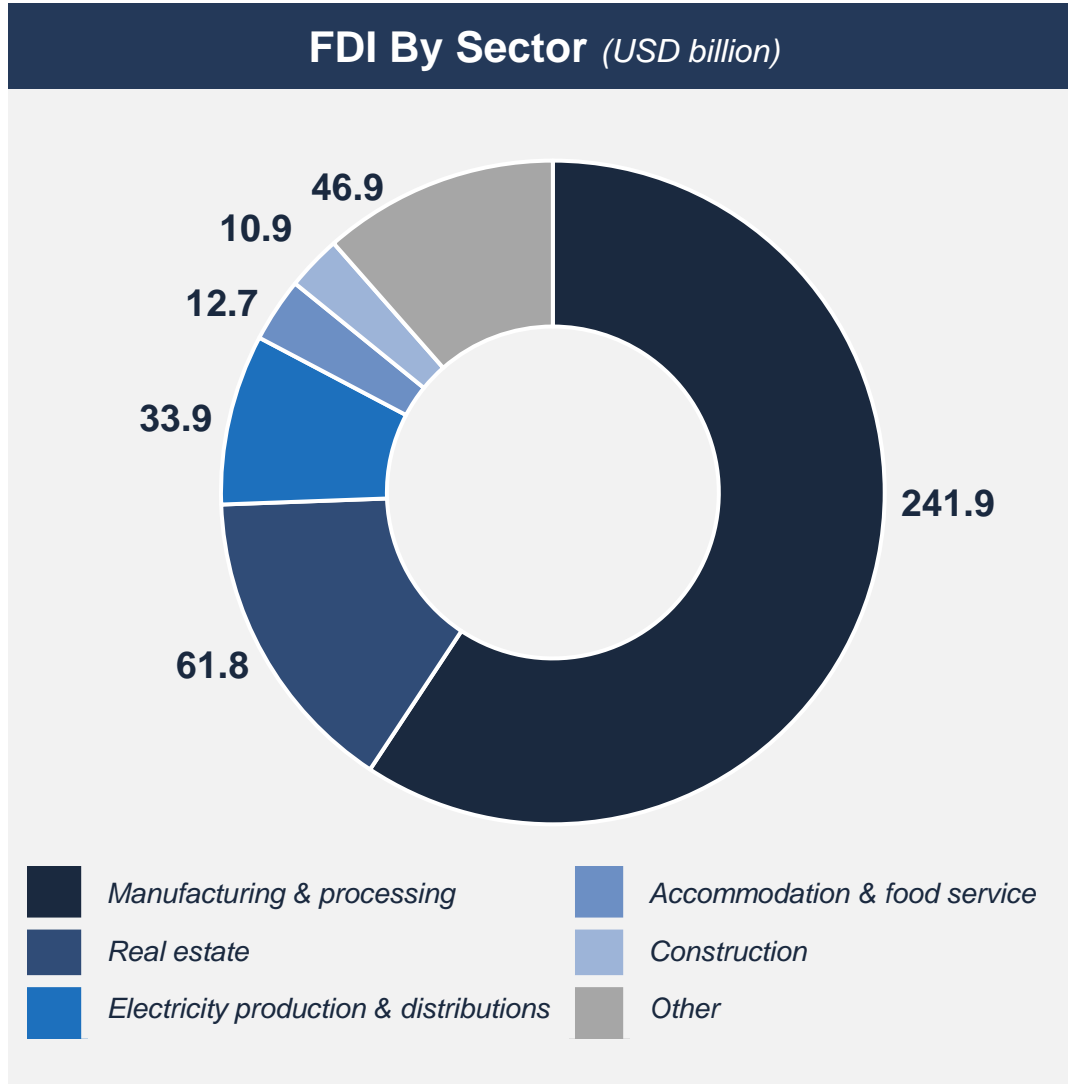


Economy 2021 at a glance

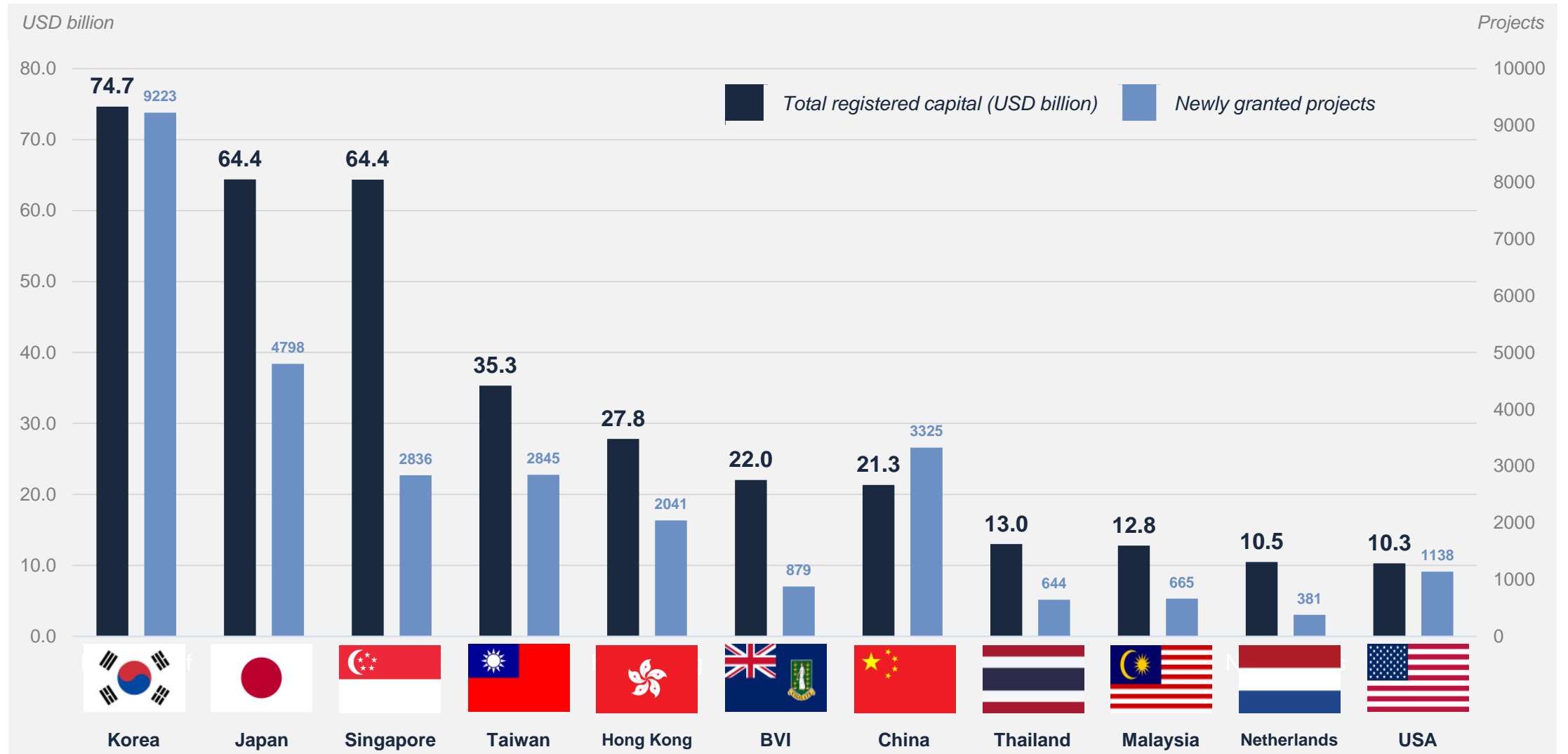
	2.58% <i>Real GDP Growth Rate</i>
	19% <i>Export Growth Rate</i>
	USD 668.5 billion <i>Import-Export Turnover</i>
	USD 19.74 billion <i>FDI Disbursement</i>
	1,738 <i>Granted Investment Certificates</i>
	140 <i>Investor Countries and Territories</i>



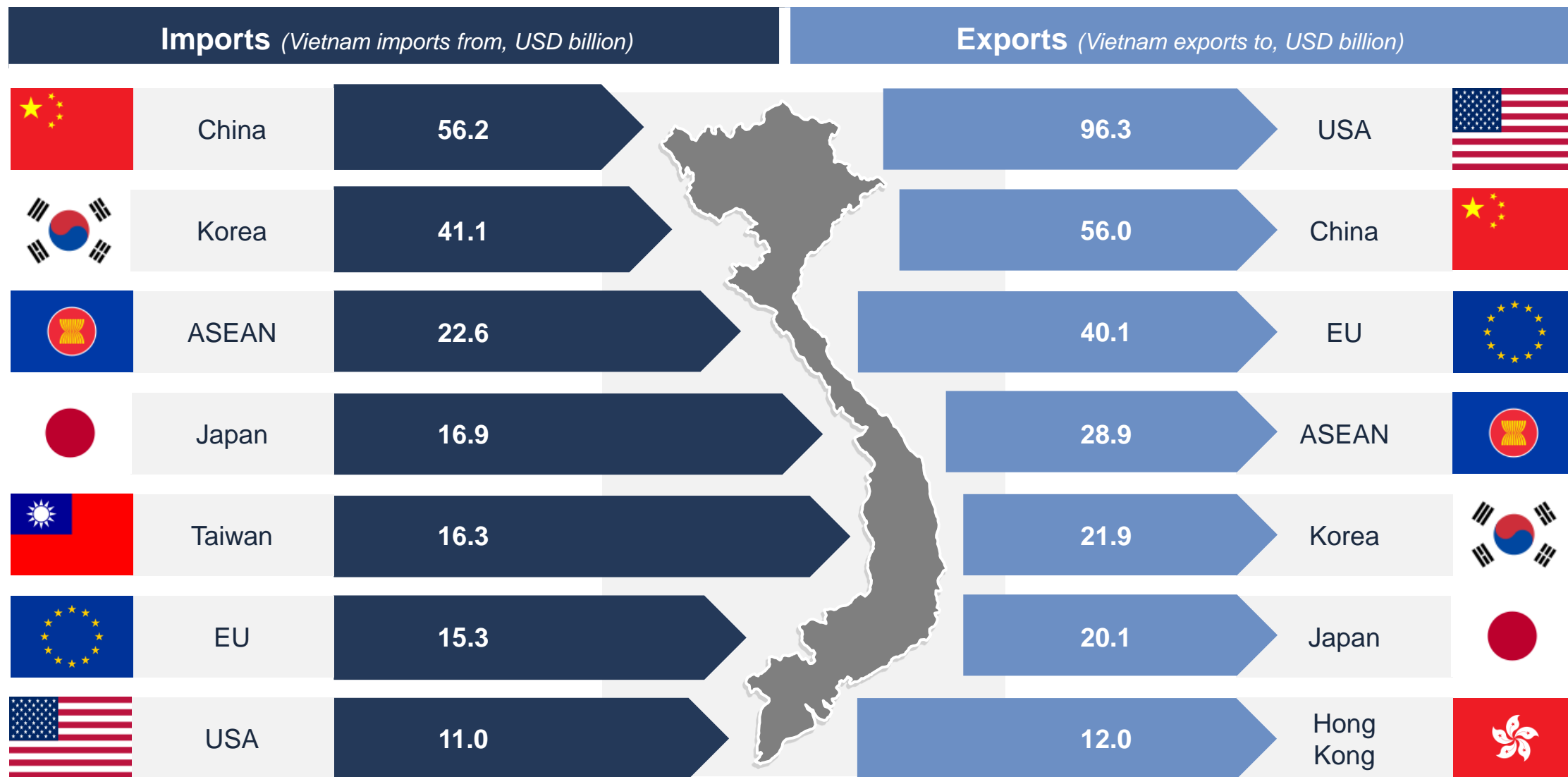
Foreign Direct Investment (FDI) in Vietnam, 2021



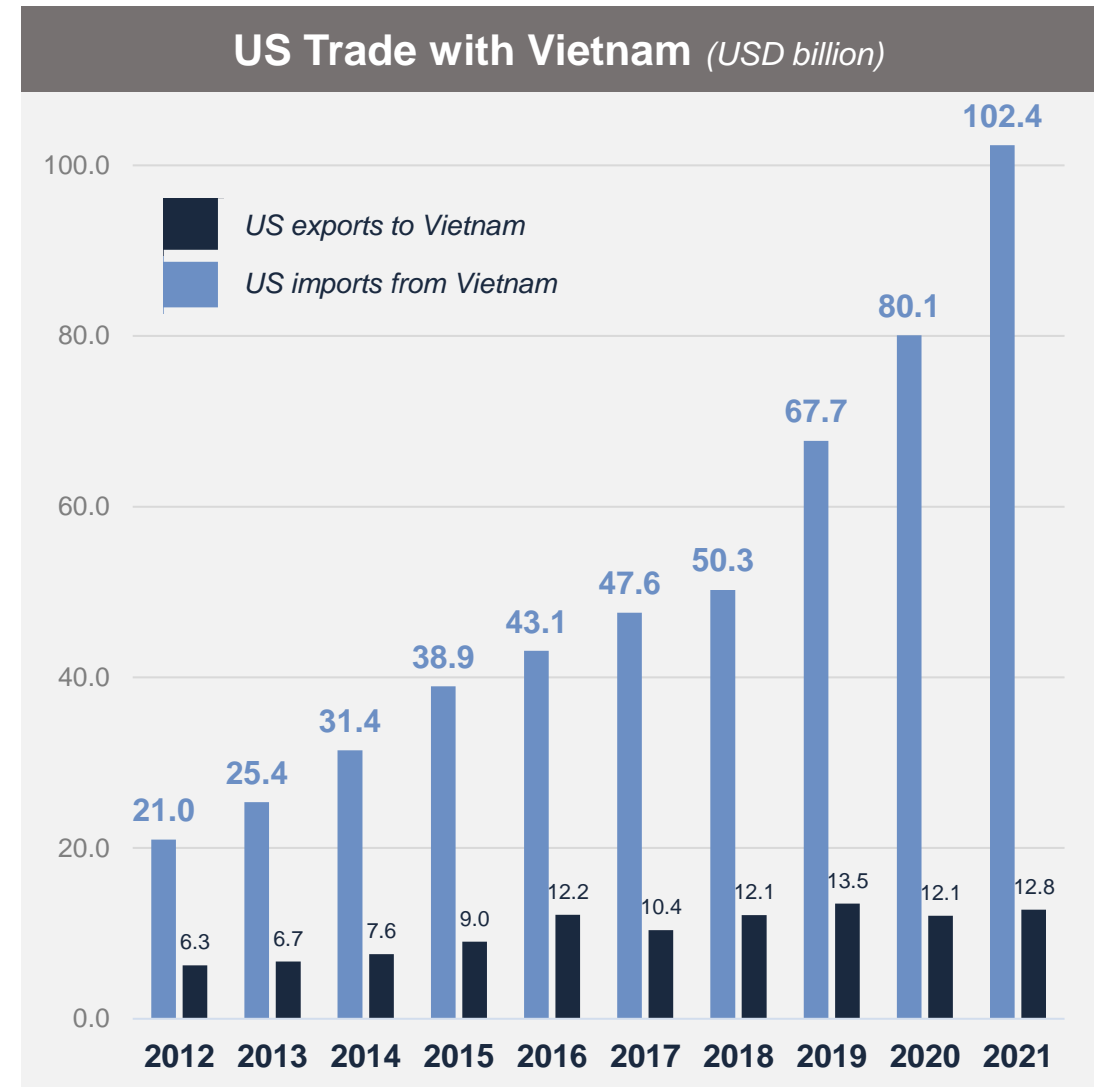
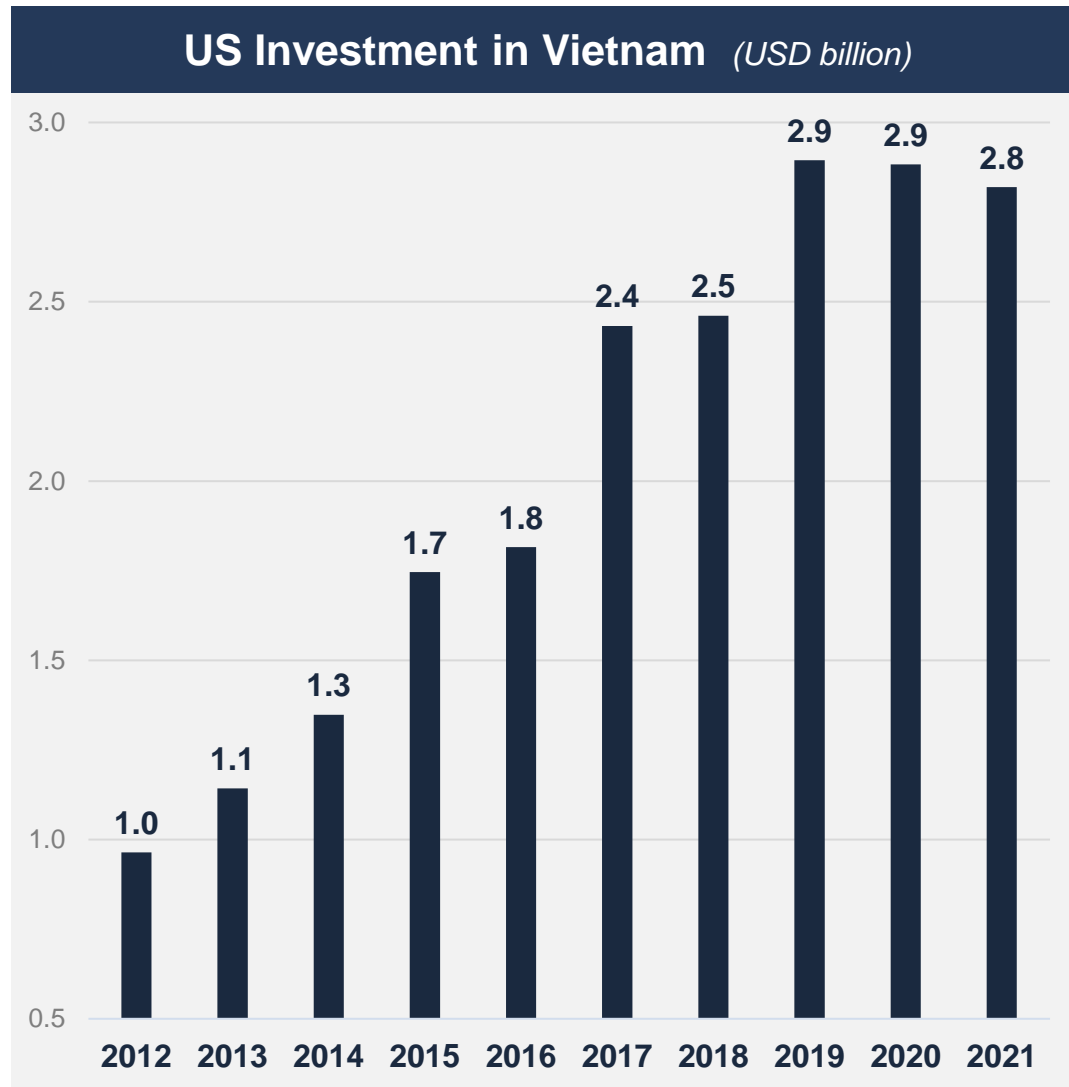
Top Foreign Investors in Vietnam, 2021























Trade Partners *Vietnam*



US Trade & Investment *with Vietnam, 2021*



		Imports (from Vietnam, USD billion)		Exports (to Vietnam, USD billion)		
US Trade 2021		Electronic machinery	27		Electrical machinery	2.1
		Furniture & bedding	9.9		Cotton	1.3
		Knit apparel	7.1		Plastics	0.5
		Machinery	6.9		Food waste & animal feed	0.4
		Footwear	6.5		Machinery	0.4
Global Trade 2021		Phones	57.5		Electronic goods & computers	75.4
		Electronic goods & computers	50.8		Machinery	46.3
		Machinery	38.3		Phones	21.4
		Textiles	32.8		Fabrics	14.3
		Footwear	17.8		Plastics	11.7

Trade & Investment Drivers *in Vietnam*



**Competitive Labor &
Land / Office Costs**



**Tax & Fee
Reduction Incentives**



**Favorable
Policy Environment**



**FTA & Trade
Integration**

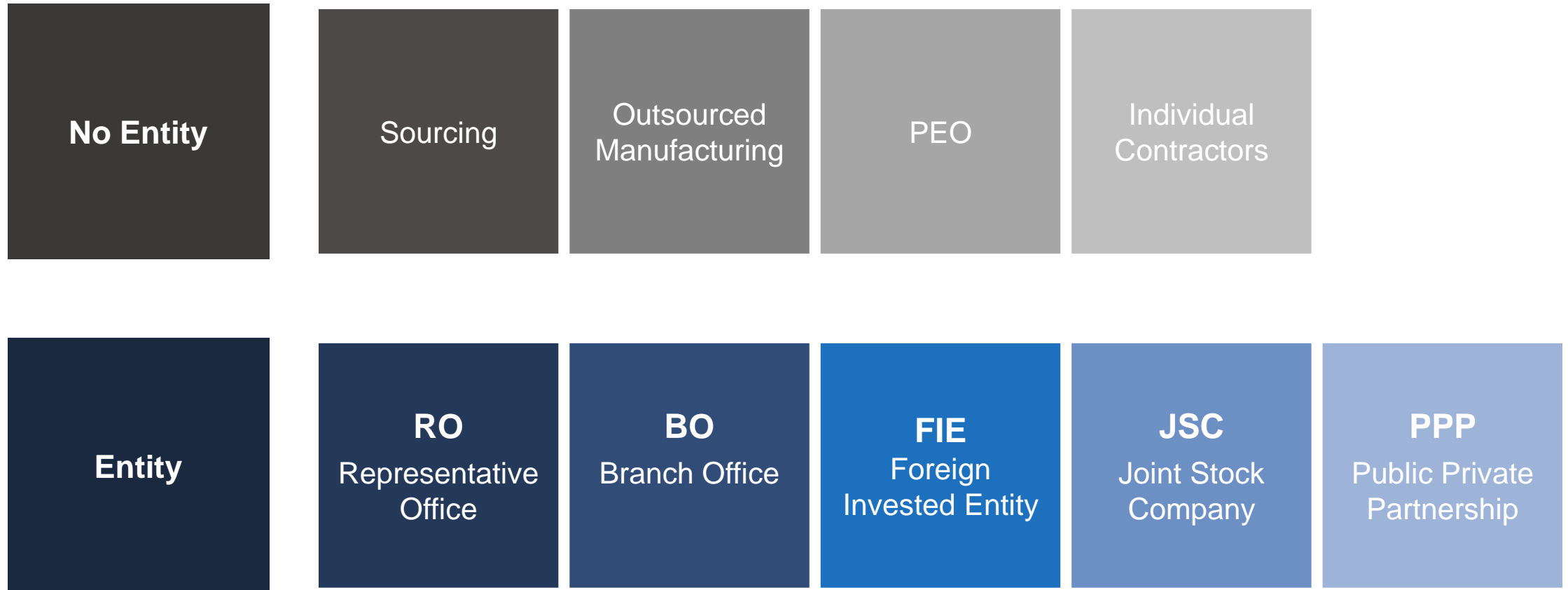


**US-China
Trade War**



**Supply Chain
Diversification**

Trade & Direct Investment Structures *for Vietnam*



Entity Types	Common Purpose	Setup Time	Pros	Cons
* RO Representative Office	<ul style="list-style-type: none"> ➤ Not a Separate Legal Entity ➤ Restricted to Market Research, Liaison and Quality Control Activities 	Time to Find Location + 6 – 8 Weeks	<ul style="list-style-type: none"> ➤ Simple Registration Process 	<ul style="list-style-type: none"> ➤ Cannot Conduct Revenue-Generating Activities ➤ Parent Company Bears Liability
BO Branch Office	<ul style="list-style-type: none"> ➤ Not a Separate Legal Entity ➤ Permitted Commercial Activity within Parent Company's Scope 		<ul style="list-style-type: none"> ➤ Can Remit Profits Abroad 	<ul style="list-style-type: none"> ➤ Limited to Certain Industry Sectors ➤ Parent Company Bears Liability
* FIE Foreign-Invested Entity	<ul style="list-style-type: none"> ➤ Separate Legal Entity 	Time to Find Location + 2 – 4 Months	<ul style="list-style-type: none"> ➤ Liability Limited to Capital Contribution ➤ No Restriction on the Scope of Business 	<ul style="list-style-type: none"> ➤ Cannot Issue Shares ➤ Maximum of 50 Shareholders
JSC Joint Stock Company	<ul style="list-style-type: none"> ➤ Separate Legal Entity 		<ul style="list-style-type: none"> ➤ Liability Limited to Capital Contribution ➤ No Restriction on the Scope of Business ➤ Can Issue Shares, Go Public 	<ul style="list-style-type: none"> ➤ At Least Three Shareholders Required ➤ Supervisory Board Required for Most JSCs
PPP Public Private Partnership	<ul style="list-style-type: none"> ➤ Entails Partnership Between Foreign or Domestic Enterprise and Government for Infrastructure Projects 	Negotiation Time + 2 – 4 Months	<ul style="list-style-type: none"> ➤ Government Aggressively Pursuing PPPs to Develop Infrastructure 	<ul style="list-style-type: none"> ➤ Several PPP Models ➤ Investors Unsure of Returns



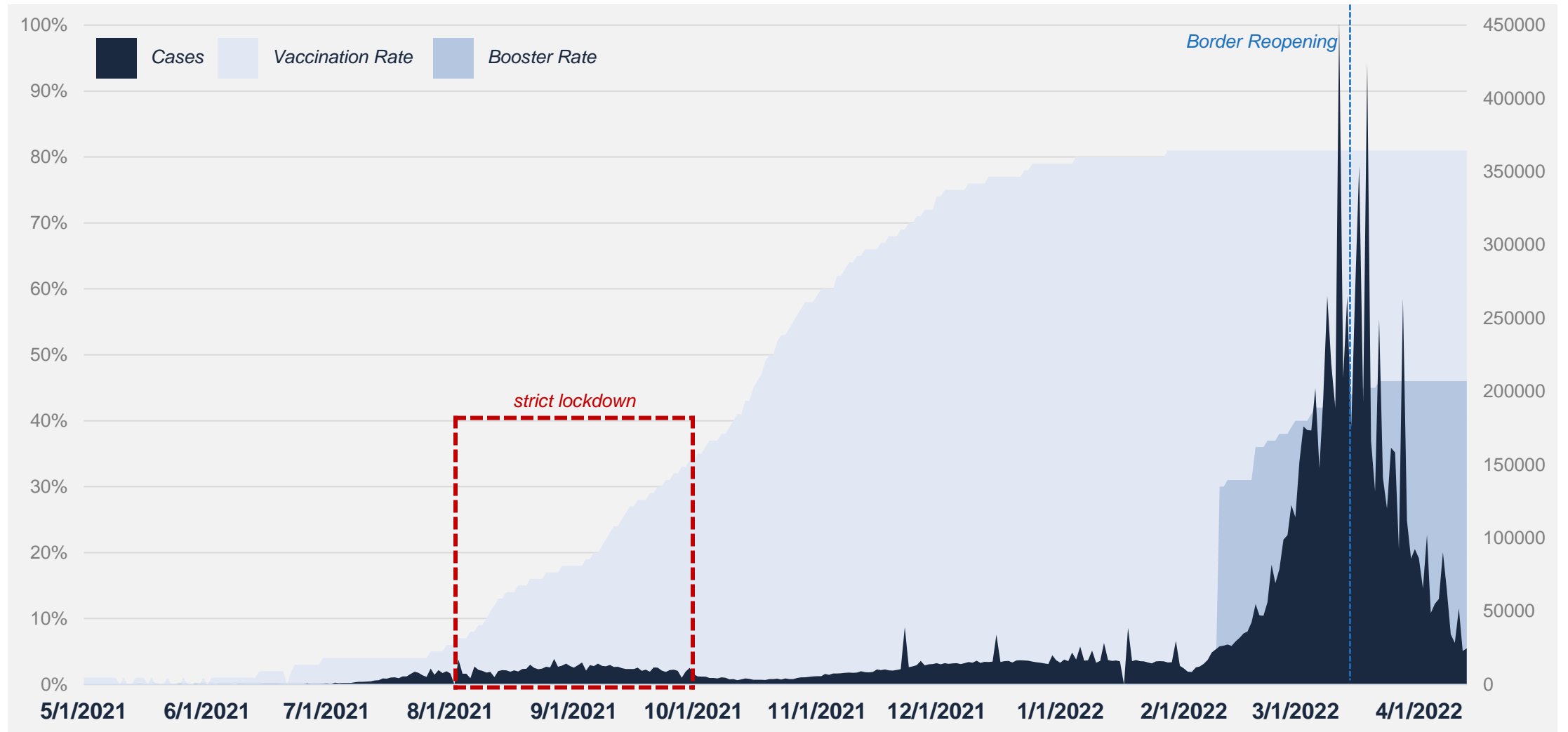
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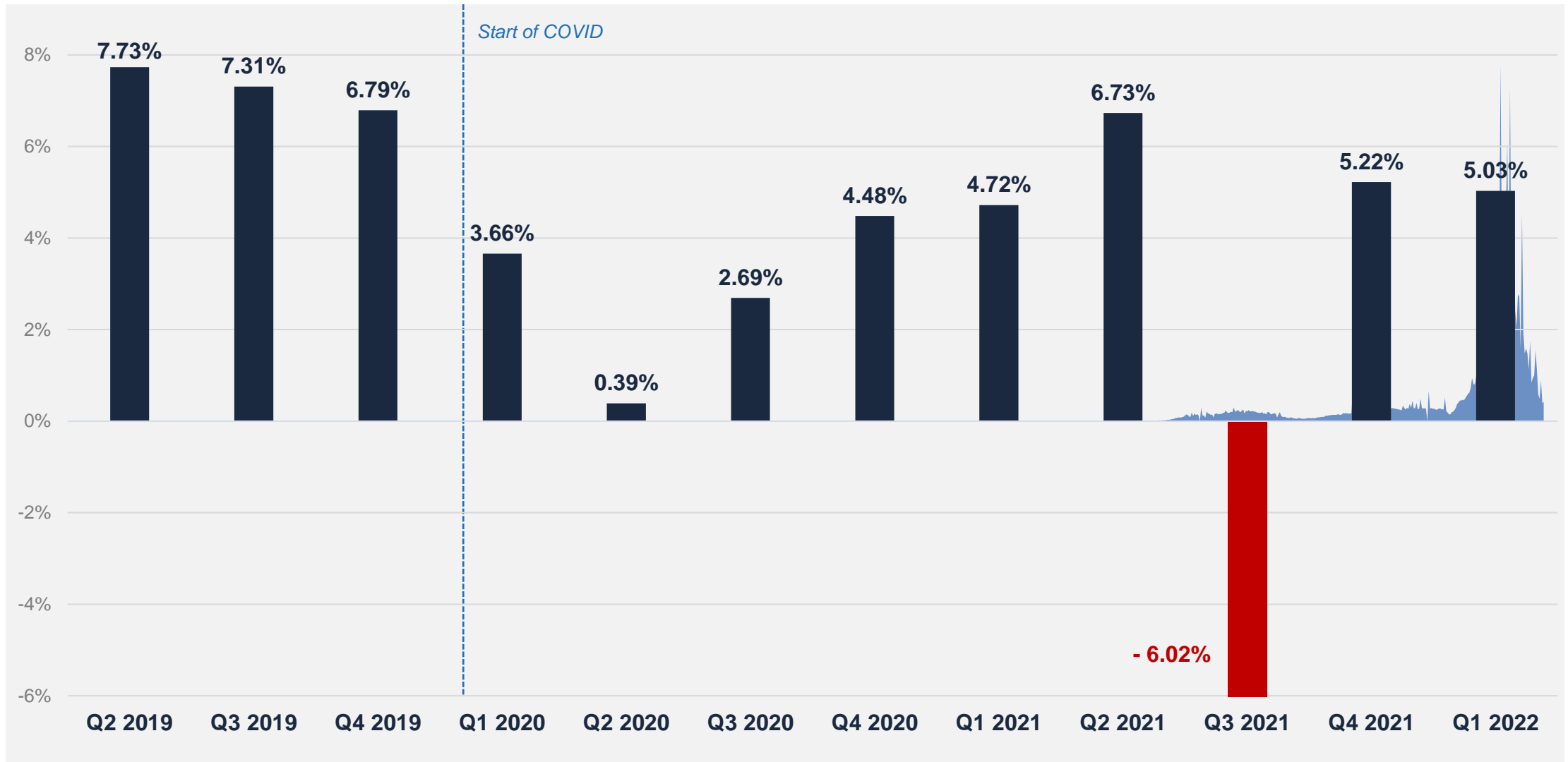
Reopening & Recovery



COVID Cases & Vaccinations *Vietnam*



GDP Growth *Vietnam, pre- and post-COVID*

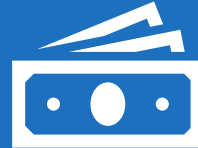


Reopening *Vietnam*



Business Operations

Ensuring businesses are no longer required to halt operations to government issued COVID / public health measures



Business Support Measures

Introducing preferential tax, loan, and fee reduction policies to help general and lockdown-affected business as well as certain industries



International Travel

Fully reopening borders and easing entry requirements for business and tourist travel

	2021	2022
Decree 57	CIT Incentive: CIT rate of 15% for 15 years, tax exempt for 4 years, CIT reduced by 50% for next 9 years – for qualifying supporting industries	
Resolution 105	Reopening: Tasked government agencies with ensuring reopening, relaxes work permit requirements, and provides business support measures – credit support, tax extensions along with policies to support employers and employees	
Resolution 406	<i>CIT Incentive: FY2021 reduced by 30%</i>	
Resolution 68	<i>Loan: 0% interest short-term loan (less than 12 months) for negatively impacted businesses</i>	
Official Letter 5411	<i>Expense Support: 10% reduction of electric bills for negatively impacted businesses</i>	
Decision 27	<i>Expense Support: 30% reduction of payable land rent for negatively affected businesses</i>	
Resolution 116	UI Fund Reduction: Unemployment insurance contribution rate reduced 1% to 0%	
Decree 15		VAT / CIT Incentive: VAT rate reduced to 8%, CIT deductions expanded
Official Letter 1265		Entry Procedures: easing of entry procedures from March 15

Resolution 105 *reopening*

Reopening Measures

- Relevant government agencies to ensure business activity can resume while also dealing with the pandemic, including:
 - Ministry of Health (MoH): Consistent and streamlined procedures for mandatory quarantine and medical surveillance (helping international arrivals and laborers different provinces with clear requirements on what is required)
 - Ministry of Finance (MoF): Implementing policies on reducing taxes, fees, and land rentals – also help support electricity payments and ensure transparency in freight charges for shipping businesses, including:
 - Streamlined customs procedures for products that are required for aid and/or gifts from domestic organizations and individuals for government
 - Allowing businesses to use scanned copies, with digital signatures for required documents rather than hard copies (hard copies are still required after customs clearance)
 - Ministry of Transport: Ensure stable production and transport of goods – with priority for implementation of green channel for road and waterway transport nationwide with simple procedures to not impede circulation of products (particularly essential goods and supplies)
 - General Confederation of Labor: Waiving union membership for union members and businesses for those affected by the pandemic in 2021 and 2022
 - Ministry of Foreign Affairs: negotiating a vaccine passport with other countries (Vietnam has recognized vaccine certificates for 61 countries so far)

International Travel *to Vietnam*

Entry Requirements

- Fully reopened for business and tourist travel as of March 15
- Entry requirements eased, now only include:
 - COVID Testing (multiple options)
 - Negative test using the RT-PCR method 72 hours before entering Vietnam OR a rapid Antigen test (no self-test) 24 hours before entering Vietnam.
 - In case a COVID-19 test is not taken prior to departure, a test will be taken within 24 hours after arriving in Vietnam. If negative, travelers can travel anywhere within Vietnam; no quarantine required
 - Health declaration made before entry and download the PC-COVID app

Work Permit & Visa

- Work Permit procedures and supporting documents simplified, including:
 - Work permit can be used as proof of experience rather than certificates / diplomas
 - University degree does not have to be related to job position in Vietnam
 - Training field does not have to be related to the job role or relevant experience
 - Valid copy of passport is sufficient rather than a certified true copy
 - Foreign worker can be sent to another province / city for up to 6 months without having to reapply for work permit (employer must location and individual to labor department)
- Visa exemption policy for up to 15 days regardless of the purpose of entry, resumed for 13 countries (US not included)

Flights

- Lifted restrictions on frequency of regular international flights as of February 15

Decree 57 *tax incentives*

Overview

- Incentive CIT rate of 10% for 15 years for supporting industries (i.e. textile and garment, footwear, electronics, automotive, machinery engineering, hi-tech)
 - Tax exempted for 4 years
 - CIT reduced by 50% for 9 years following tax exempt period

Applicable Timeframe

- From June 4, 2021 (*application takes 35 working days*)

Applicability

- Must meet either of below conditions:
 - Condition 1:
 - Manufacture products on list of prioritized industrial-supporting products (Decree 111/2015/NO-CP) and
 - Manufacture products on not list of prioritized industrial-supporting products (Circular 55/2015/BTC-CC) before 2015
 - Condition 2:
 - Manufacture products on not list of prioritized industrial-supporting products (Circular 55/2015/BTC-CC) before 2015 and
 - Have certificate of conformity to foreign technical regulations or equivalent
- Submit following required documents to Ministry of Industry and Trade (MOIT)
 - Written request
 - Business Registration Certificate
 - Audited financial statement (only for existing projects)
 - Environmental impact assessment report (for new projects) or commitment to environmental protection for (for existing projects)

Decree 15 *tax incentives*

Overview	<ul style="list-style-type: none">➤ Reduces VAT rate from 10% to 8% for specified period (below)➤ Allows CIT deduction for any donation or sponsorship expenses related to pandemic prevention in Vietnam in FY2022
Applicable Timeframe	<ul style="list-style-type: none">➤ February 1 to December 31, 2022
Applicability	<ul style="list-style-type: none">➤ VAT Reduction: Automatically in effect of all applicable enterprises and transactions<ul style="list-style-type: none">▪ Taxpayers required to issue separate invoice for goods and services that are eligible for VAT reduction and must declare said goods under Form 01 (of Decree)▪ Certain goods and services are not eligible for VAT reduction, including:<ul style="list-style-type: none">- Telecom services- Financial services- Banking- Securities- Metals- Chemical and mining products- Real estate- IT goods and services- Goods and services subject to special consumption tax (SCT)➤ CIT Deductions: Must submit relevant documents to avail of deduction and amount of donation or sponsorship must be confirmed in writing by receiving authority or agency



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