



BE VIETNAM WISE · DOING BUSINESS IN VIETNAM

The guide for foreign and Vietnamese investors

Chapter 2 of 11

Company Set-up, Governance & Contracts

Once the sector is open and the approvals are mapped, the next decisions are structural: which vehicle, how much capital and when, who will be the legal representative, how the board and shareholders will work, and what the company must file after it is licensed. This chapter also covers the contract law that every operating company lives under.

Reviewed 10 October 2026. Prepared by a foreign investment lawyer (now retired) with 20 years' experience advising on Vietnamese investment law.

Legal and tax information, not legal advice. Rates, thresholds and procedures change: confirm anything important with the relevant authority or a lawyer licensed to provide legal services in Vietnam before you act. Only the Vietnamese text of a law is authoritative.

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Contents

2 Chapter overview

2.1 Choosing a business vehicle

2.2 Setting up a company step by step

2.3 Charter capital and capital contribution

2.4 Legal representative and governance

2.5 Beneficial ownership and transparency

2.6 Branches and representative offices

2.7 Compliance calendar after licensing

2.8 Commercial contracts in Vietnam

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Company Set-up, Governance & Contracts

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AT A GLANCE

Governing law

- [Law No. 59/2020/QH14 on Enterprises, amended by Law No. 76/2025/QH15 \(in force 1 July 2025\)](#)
- [Decree No. 168/2025/ND-CP on enterprise registration, amended by Decree No. 296/2026/ND-CP \(from 23 July 2026\)](#)
- [Civil Code No. 91/2015/QH13 and Commercial Law No. 36/2005/QH11 \(contracts\)](#)
- [Decree No. 07/2016/ND-CP \(branches and representative offices of foreign traders\)](#)
- [Circular No. 38/2026/TT-NHNN \(investment capital accounts, from 18 August 2026\)](#)

Who you will deal with

- Business registration office of the provincial Department of Finance, via the National Business Registration Portal (dangkykinhdoanh.gov.vn)
- Provincial Department of Industry and Trade (representative offices); Ministry of Industry and Trade (trading branches)
- Tax Department and its provincial and regional offices (tax registration, e-invoices)
- State Bank of Vietnam and licensed banks (investment capital accounts)

Key figures

Enterprise Registration Certificate	3 working days
Charter capital to be paid within	90 days of the ERC
Minimum charter capital	None, except regulated sectors
Resident legal representatives	At least one, at all times
Beneficial owner threshold	25% direct or indirect
Notify registered changes within	10 days
Audited accounts and CIT finalisation	Last day of the 3rd month after year end

What changed in 2025–26

- Law No. 76/2025/QH15 (1 July 2025) introduced beneficial ownership disclosure, capped private bond issues by non-public joint stock companies at five times equity, made under-contributed charter capital a prohibited act, let shareholders convene a general meeting where the board fails to, and allowed public officials to found and manage science, technology and innovation enterprises. It did not change voting thresholds.
- Decree No. 168/2025/ND-CP replaced the 2021 registration decree; Decree No. 296/2026/ND-CP (23 July 2026) added electronic authentication and an express ban on holding capital in another person's name.
- Vietnam applies the Apostille Convention from 11 September 2026, replacing consular legalisation for most foreign documents.

- Circular No. 38/2026/TT-NHNN (18 August 2026) renamed and reshaped the direct investment capital account; it can now be opened before the IRC is issued.
- Business households moved to the commune authorities; the business licence fee was abolished from 2026.

Who this applies to. The Law on Enterprises applies equally to Vietnamese and foreign-owned companies. The additional steps for a foreign investor are the IRC (Chapter 1), the investment capital account, apostilled or legalised foreign documents, and the audit requirement that applies to all foreign-invested companies.

What this chapter covers

Vietnamese company law is contained in Law No. 59/2020/QH14 on Enterprises, amended by Law No. 76/2025/QH15 from 1 July 2025, with registration detailed in Decree No. 168/2025/ND-CP as amended by Decree No. 296/2026/ND-CP. It applies to every company registered in Vietnam, whoever owns it. A foreign investor adds the Investment Registration Certificate from [Chapter 1](#), an investment capital account and legalised documents; otherwise the rules below are the same for a Vietnamese founder and a multinational.

The chapter follows the life of a company. It starts with the [choice of vehicle](#), since a single-member LLC, a joint stock company and a representative office are very different things, then walks through [incorporation step by step](#), the rules on capital, the legal representative and governance, [beneficial ownership](#), the alternative of a [branch or representative office](#), the [compliance calendar](#) once the company is live, and the [contract law](#) it will trade under.

The vehicles in one paragraph

Foreign investors almost always use a **limited liability company** (single-member for a wholly owned subsidiary, multi-member for a joint venture of up to 50 members) or a **joint stock company** (three or more shareholders, shares, a board, the only form that can list). A **branch** of a foreign trader is possible only in sectors Vietnam has opened to branches and carries the parent's direct liability. A **representative office** cannot earn income at all but is a cheap, quick way to establish a presence for liaison and market research. Partnerships and private enterprises exist but are rarely used by foreign investors, and the **business household**, now registered with the commune authority, is open to Vietnamese citizens only.

The numbers that shape the structure

There is no general minimum charter capital, but whatever is registered must be paid in full within 90 days of the Enterprise Registration Certificate, through the investment capital account in the case of a foreign investor, and the IRC separately fixes the schedule for funding the wider project. Every company

needs at least one legal representative resident in Vietnam at all times. The Enterprise Registration Certificate takes three working days once the dossier is valid; the IRC that a foreign-led project needs takes ten. Any individual who owns or controls 25% or more must be declared as a beneficial owner, nominee shareholdings are prohibited, and changes to registered details must be notified within ten days.

What changed in 2025 and 2026

Law No. 76/2025/QH15 brought beneficial ownership into the Law on Enterprises, capped private bond issues by non-public joint stock companies, made a failure to contribute registered capital without a capital reduction a prohibited act, gave shareholders a route to convene a general meeting where the board fails to, and allowed public officials to found and manage enterprises in science, technology, innovation and digital transformation. It left the voting thresholds, the organs of each company form and the 90-day capital rule unchanged. Decree No. 168/2025/ND-CP rewrote the registration procedure around the National Business Registration Portal, and Decree No. 296/2026/ND-CP added electronic authentication for filings and an express prohibition on holding capital in another person's name. Vietnam joined the Apostille Convention, which it applies from 11 September 2026, so most foreign corporate documents no longer need consular legalisation. The State Bank's Circular No. 38/2026/TT-NHNN reshaped the investment capital account from 18 August 2026 and lets it be opened before the IRC. The business licence fee, long an annual irritant, was abolished from 2026.

How to use this chapter

If you have decided on a wholly owned LLC and simply need the procedure, go to [Setting up a company step by step](#), then to the [compliance calendar](#). If you are weighing a joint venture, read [Choosing a business vehicle](#) and [Legal representative and governance](#) together, because the governance rules differ sharply between an LLC and a joint stock company. If you want a presence without a company, [Branches and representative offices](#) explains what each may and may not do.

OFFICIAL SOURCES

- National Legal Database (vbpl.vn): Law No. 59/2020/QH14 on Enterprises as amended by Law No. 76/2025/QH15; Decree No. 168/2025/ND-CP — <https://vbpl.vn>
- National Business Registration Portal — <https://dangkykinhdoanh.gov.vn>
- Ministry of Industry and Trade (branches and representative offices of foreign traders) — <https://moit.gov.vn>
- State Bank of Vietnam: Circular No. 38/2026/TT-NHNN; Circular No. 17/2024/TT-NHNN as amended — <https://www.sbv.gov.vn>
- Tax Department (electronic tax registration and e-invoices) — <https://gdt.gov.vn>
- Ministry of Finance — <https://mof.gov.vn>
- Financial Action Task Force: jurisdictions under increased monitoring — <https://www.fatf-gafi.org>
- Vietnam Social Security — <https://baohiemxahoi.gov.vn>
- Vietnam International Arbitration Centre (model arbitration clause and rules) — <https://www.viac.vn>

Choosing a business vehicle: single-member and multi-member LLC, joint stock company, partnership, private enterprise, branch and representative office

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WHAT YOU NEED TO KNOW

- Law No. 59/2020/QH14 on Enterprises, as amended by Law No. 76/2025/QH15, offers the single-member LLC, the multi-member LLC (2 to 50 members), the joint stock company (3 or more shareholders), the partnership and the private enterprise; Vietnamese citizens may also register a business household.
- Foreign investors normally use an LLC or a joint stock company; both can be 100% foreign-owned outside the conditional sectors and both ring-fence liability.
- The joint stock company is the only form that can issue shares, preference shares and public offerings, at the price of heavier governance; the LLC is simpler and gives members pre-emption rights on transfers.
- A branch is limited to sectors opened to branches and exposes the parent; a representative office cannot earn income at all.
- Conversion between forms is possible but is a registered procedure with tax and licensing consequences, so the choice should anticipate fundraising and exit.

The structures available

Law No. 59/2020/QH14 on Enterprises provides five forms of enterprise. The **single-member limited liability company** has one owner, an organisation or an individual. The **multi-member limited liability company** has two to 50 members. The **joint stock company** has at least three shareholders and no maximum. The **partnership** has at least two individual general partners with unlimited joint liability and may have limited partners. The **private enterprise** is owned by one individual who is personally liable and may own only one. Vietnamese citizens may also register a **business household** with the commune-level authority under Decree No. 168/2025/ND-CP, an unincorporated form not open to foreigners. A foreign company may instead establish a **representative office** or, in limited sectors, a **branch** under the Commercial Law, or invest through a **business cooperation contract** without any entity ([Forms of investment](#)). All five enterprise forms are open to foreign investors on the same terms as Vietnamese investors, subject to the market access rules in [Chapter 1](#).

Limited liability company

The LLC is the default vehicle for foreign investors and for most Vietnamese businesses. Members' liability is limited to the capital they have contributed; there are no shares, each member holding a percentage of the charter capital recorded in the charter and the register of members; and the governance can be as simple as an owner, a chairman and a director. An LLC may issue bonds but may not issue shares or make a public offering of equity.

The **single-member LLC** suits a wholly owned subsidiary. Where the owner is a company, it appoints either a chairman of the company or a members' council of three to seven authorised representatives, plus a director or general director; where the owner is an individual, the owner is chairman and may also be director. Decisions on the charter, capital, restructuring, major transactions and distributions are the owner's, taken by written resolution, which makes the single-member LLC the lightest form to run from abroad.

The **multi-member LLC** suits a joint venture or a small group of investors. All members sit on the members' council, which votes by capital contribution: 65% of the capital of those attending for ordinary resolutions and 75% for the sale of assets worth half or more of total assets, charter amendments, reorganisation and dissolution, unless the charter sets different thresholds; written resolutions require 65% of total charter capital. A member who wishes to sell to an outsider must first offer the stake to the other members pro rata on the same terms, which gives every member a built-in protection against an unwanted new partner. A supervisory board is compulsory only for State enterprises and their subsidiaries. The 50-member ceiling and the absence of shares make the multi-member LLC unsuitable for businesses planning employee equity or outside investors beyond a handful.

Joint stock company

The joint stock company (công ty cổ phần, JSC) is Vietnam's corporation: capital divided into shares of equal nominal value, at least three shareholders, free transferability subject to the charter and to the three-year restriction on founding shareholders transferring ordinary shares to non-founders without the general meeting's approval. Its organs are the general meeting of shareholders, a board of directors of three to eleven members and a director or general director, together with either a supervisory board or at least 20% independent directors with an audit committee under the board (Legal representative and governance). It is the only form that may offer shares to the public, list on a stock exchange or issue preference shares (voting, dividend and redeemable preference shares), and the only form in which an employee share scheme is practical. Founding shareholders must together subscribe for at least 20% of the ordinary shares offered at registration. The price of these advantages is heavier governance, more formal meeting procedures, more filings and, for public companies, the securities-law disclosure regime. Law No. 76/2025/QH15 capped private bond issues by non-public joint stock companies at five times owners' equity and made explicit that a JSC that falls below three shareholders for six consecutive months without converting must dissolve.

Partnership and private enterprise

A partnership (công ty hợp danh) requires at least two individual general partners with unlimited joint and several liability for the partnership's obligations, and may admit limited partners who contribute capital and are liable only to that extent. It is used for professional practices where the sector law requires it, notably law firms (Vietnamese law firms may be partnerships or LLCs) and audit firms, and rarely otherwise. A private enterprise (doanh nghiệp tư nhân) is a sole proprietorship: the owner is personally liable without limit, may own only one private enterprise and may not simultaneously own a business household or be a general partner, and the enterprise may not issue securities or contribute capital to other companies. A foreign individual would in every ordinary case choose a single-member LLC instead.

Branch and representative office of a foreign trader

Neither is a Vietnamese legal entity. A **branch** of a foreign trader may conduct business in Vietnam only in the sectors Vietnam's treaty commitments have opened to branches; its licence comes from the Ministry of Industry and Trade under Decree No. 07/2016/ND-CP, the parent must have operated for at least five years, and the parent is directly liable for everything the branch does. Branches are used mainly in regulated sectors such as banking, insurance, securities and legal services under the sector regulator's licence. A **representative office**, licensed by the provincial Department of Industry and Trade after one year of parent operation, may do liaison, market research and promotion but may not earn income or sign the parent's contracts without a specific power of attorney. Both are covered in [Branches and representative offices](#).

The structures compared

	Single-member LLC	Multi-member LLC	Joint stock company	Branch	Representative office
Separate legal entity	Yes	Yes	Yes	No	No
Owners	1	2 to 50	3 or more	Parent	Parent
Owner liability	Limited to capital	Limited to capital	Limited to shares	Parent fully liable	Parent fully liable
Can earn income in Vietnam	Yes	Yes	Yes	Yes, in permitted sectors	No
Can issue shares / list / preference shares	No	No	Yes	No	No
Can issue bonds	Yes	Yes	Yes (private issues capped at 5x equity if non-public)	No	No

	Single-member LLC	Multi-member LLC	Joint stock company	Branch	Representative office
Transfer of ownership	Owner free	Pre-emption for other members	Free, subject to charter; founders locked 3 years	n/a	n/a
Minimum governance	Owner; chairman or members' council; director	Members' council; chairman; director	General meeting; board of 3 to 11; director; supervisory board or independent directors	Head of branch	Chief representative
Audit	Compulsory if foreign-invested	Compulsory if foreign-invested	Compulsory if foreign-invested or public	Compulsory	No (expense accounts only)
Licence route for a foreign investor	IRC + ERC	IRC + ERC	IRC + ERC	MOIT or sector regulator licence	Department of Industry and Trade licence
Corporate income tax	Yes	Yes	Yes	Yes, on Vietnamese profits	No (PIT withholding only)
Typical use	Wholly owned subsidiary	Joint venture	Fundraising, employee shares, IPO	Regulated sectors	Liaison, market research

DECISION GUIDE

Which vehicle?

A first screen for a foreign investor; sector rules may dictate the form.

Q1 Does the investor need a presence now but will not earn income in Vietnam for at least a year?

Yes

A representative office: fast, no IRC, upgradable later by forming a company. It must not trade.

No

Continue to Q2.

Q2 Is the sector one in which Vietnam permits foreign branches (banking, insurance, securities, legal services and a few others), and is parent-level liability acceptable?

Yes A branch under the sector regulator's licence is an option; most investors still prefer a subsidiary for liability reasons.

No Continue to Q3.

Q3 Will there be one owner?

Yes A single-member LLC, unless an IPO, preference shares or an employee share scheme is planned within a few years, in which case a JSC from the outset (three shareholders needed).

No Continue to Q4.

Q4 Will the company raise outside equity, issue preference shares, grant employee shares or list?

Yes A joint stock company. Build the governance for many owners and accept the three-year founder lock.

No A multi-member LLC: simpler, with pre-emption rights, capital-weighted voting and 65%/75% thresholds the charter can raise. Up to 50 members.

WORKED EXAMPLE

A Korean manufacturer and a Vietnamese industrial group forming a 60/40 joint venture

The parties will build a components plant; the Korean partner contributes capital and technology, the Vietnamese partner contributes a factory site held on an industrial park sublease and local relationships. Neither plans a listing within ten years. Illustrative.

Multi-member LLC	Two members, capital-weighted voting. The Korean partner at 60% passes nothing alone under the statutory 65% threshold, and the Vietnamese partner at 40% blocks both the 65% and the 75% matters. The charter therefore sets ordinary matters at a simple majority of capital (permitted, as the law allows the charter to provide otherwise), lists reserved matters at 75%, and gives each party pre-emption and a put-and-call mechanism. No shares, so no stamp of transfer; pre-emption protects both against an unwanted third party.
Joint stock company	Would require a third shareholder (a nominee director's single share is a common but inelegant device), cumulative voting for the board, a supervisory board or independent directors, and formal general meetings. Preference shares could give the Korean partner enhanced dividends, but the parties do not need them. Founders could not transfer ordinary shares to outsiders for three years without approval.

In-kind contribution	The Vietnamese partner's sublease is contributed as capital at a valuation agreed by both or set by a licensed valuer and recorded in the charter; the industrial park developer's consent to the transfer of the sublease is obtained first; both members are jointly liable if the valuation proves inflated (section 2.3).
IRC and status	At 60% foreign ownership the joint venture is a foreign investor for its own future projects: IRC for the plant, investment capital account, quarterly reports. Had the split been 49/51 it would have invested as a domestic company, at the price of Korean control.
Decision	Multi-member LLC, charter thresholds tailored, shareholders' agreement mirrored in the charter, call option over the Vietnamese stake exercisable after year seven with Article 21 registration and the 2% seller tax noted in the pricing.

Had the parties planned an IPO within five years, the analysis would have reversed: a JSC from the outset avoids a conversion that re-opens licences, tax registrations and the land documents.

Conversion between forms

The Law on Enterprises allows conversion between an LLC and a JSC, between single-member and multi-member LLCs, and of a private enterprise into an LLC, JSC or partnership, by a registered procedure in which the converted company inherits the rights and obligations of the old one. Conversion is not costless: the IRC, the sector licences, the tax registration, the land lease and the bank accounts all have to be updated, a conversion that changes the owners triggers the Article 21 and beneficial-ownership filings, and a conversion of an LLC into a JSC to admit investors requires the valuation of the existing members' stakes and the issue of shares. Because of that, the choice of vehicle should anticipate the fundraising and exit plan for the first five to seven years rather than the first year.

Questions investors ask about business vehicles

What is the best company type for a foreign investor in Vietnam?

For a wholly owned subsidiary, a single-member limited liability company: one owner, simple governance, limited liability, and 100% foreign ownership permitted outside the conditional sectors. A joint stock company is chosen where outside equity, preference shares, employee shares or a listing are planned; a multi-member LLC for a joint venture of up to 50 members.

What is the difference between an LLC and a joint stock company in Vietnam?

An LLC has members holding percentages of charter capital, no shares, pre-emption rights on transfers, capital-weighted voting at 65% and 75% thresholds and simple governance. A JSC has shares, at least three shareholders, a board of three to eleven, supervisory arrangements, free transferability subject to a three-year founder lock, and alone may issue preference shares or offer shares to the public.

Can a foreigner open a branch in Vietnam?

Only in the sectors Vietnam's treaty commitments open to branches, principally banking, insurance, securities and legal services, under a Ministry of Industry and Trade or sector-regulator licence, after five years of parent operation. The parent is directly liable for the branch. Outside those sectors a Vietnamese subsidiary is used.

Can a representative office do business in Vietnam?

No. A representative office may conduct liaison, market research and promotion, rent premises and employ staff, but may not earn income, issue invoices or sign the parent's contracts without a specific power of attorney. It is a presence, not a trading vehicle.

Can a company in Vietnam change from an LLC to a joint stock company?

Yes, by a registered conversion in which the converted company inherits the old one's rights and obligations. The IRC, licences, tax registration, land documents and bank accounts must be updated, and a conversion that admits new owners triggers the Article 21 and beneficial-ownership filings.

THE 2027 HORIZON

- A further amendment to the Law on Enterprises is being discussed to accommodate the Vietnam International Financial Centre, including new vehicle types for financial-sector investors in Ho Chi Minh City and Da Nang.
- The Ministry of Finance is consolidating the enterprise registration forms (Circular No. 68/2025/TT-BTC) with the investment forms; the content of the charter and the registration dossier is not expected to change.
- Law No. 24/2026/QH16 revises the conditional business lines from 1 March 2027, which can change which lines dictate a joint-venture form.

Terms you will meet in the documents

English	Vietnamese	Meaning
Single-member limited liability company	<i>Công ty TNHH một thành viên</i>	An LLC with one owner.
Multi-member limited liability company	<i>Công ty TNHH hai thành viên trở lên</i>	An LLC with two to 50 members.
Joint stock company	<i>Công ty cổ phần</i>	A company with shares and at least three shareholders.
Partnership	<i>Công ty hợp danh</i>	At least two individual general partners with unlimited liability.
Private enterprise	<i>Doanh nghiệp tư nhân</i>	A sole proprietorship with unlimited personal liability.

English	Vietnamese	Meaning
Business household	Hộ kinh doanh	An unincorporated business registered by Vietnamese citizens at commune level.
Member; capital contribution	Thành viên; phần vốn góp	An LLC owner and the share of charter capital held.
Shareholder; share	Cổ đông; cổ phần	A JSC owner and the unit of its capital.
Founding shareholder	Cổ đông sáng lập	A JSC shareholder at registration, subject to the three-year transfer lock.
Conversion of enterprise type	Chuyển đổi loại hình doanh nghiệp	The registered change from one form to another.

FOREIGN V VIETNAMESE INVESTOR

All five enterprise forms are open to foreign investors. The business household is for Vietnamese citizens only, and a Vietnamese company at or below 50% foreign ownership forms new subsidiaries as a domestic investor. For a Vietnamese founder the choice is usually between a business household (simple, registered at commune level, no legal personality) and an LLC; the audit requirement that applies to every foreign-invested company does not apply to a purely domestic private LLC below the thresholds in the audit law.

WATCH OUT FOR

- Choosing a JSC for a two-party joint venture because it sounds more substantial: three shareholders are required, and the governance is designed for many owners.
- Using a representative office to do business: income-generating activity through an RO is a licensing breach and creates a taxable presence.
- A branch exposes the whole foreign parent to Vietnamese liability and Vietnamese court jurisdiction.
- The 50-member cap on an LLC and the three-shareholder floor on a JSC: a planned employee share scheme can force a change of form.
- Relying on the statutory 65% threshold when the charter was meant to give a 60% partner control: the charter must say so.

OFFICIAL SOURCES

- National Legal Database (vbpl.vn): Law No. 59/2020/QH14 on Enterprises as amended by Law No. 76/2025/QH15; Decree No. 168/2025/ND-CP — <https://vbpl.vn>
- National Business Registration Portal — <https://dangkykinhdoanh.gov.vn>
- Ministry of Industry and Trade (branches and representative offices of foreign traders) — <https://moit.gov.vn>

Setting up a company in Vietnam step by step: pre-checks, documents, the IRC and ERC, accounts, capital and the post-licensing steps

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WHAT YOU NEED TO KNOW

- Five pre-checks decide the timetable: business lines against both lists, a registered address that the province accepts, a resident legal representative, realistic charter and total investment capital, and an available company name.
- Foreign documents need an apostille (Vietnam applies the Convention from 11 September 2026) or consular legalisation, and a certified Vietnamese translation; this is the step that most often delays a filing.
- The Enterprise Registration Certificate issues within three working days of a valid dossier under Decree No. 168/2025/ND-CP, on the forms in Circular No. 68/2025/TT-BTC; the IRC that a foreign-led project needs takes ten.
- After the ERC: seal, publication within 30 days, the investment capital account and a current account, charter capital within 90 days, digital signature and e-invoice registration, labour and insurance registration, and any sector licence before trading in a conditional line.
- A foreign-owned LLC on leased premises with no sector licence is typically trading within two to three months of instruction.

Before anything is filed

Most delays in Vietnamese incorporations are caused before the first form is submitted. Five decisions should be settled, in writing, at the outset.

Business lines. Every activity is registered by its code under the Vietnam Standard Industrial Classification (VSIC, Decision No. 27/2018/QĐ-TTg) and each code must clear two lists: the foreign market access list in Appendix I of Decree No. 96/2026/ND-CP and the conditional business lines under Article 7 of the Law on Investment, 142 from 1 July 2026 under Resolution No. 66.17/2026/NQ-CP and 137 from 1 March 2027 ([Market access for foreign investors](#)). Register the lines the company will pursue in its first two years; a long speculative list invites questions, and a conditional line registered but unlicensed is a compliance exposure.

Registered address. The head office must be a specific address in Vietnam with a lease or a letter of offer. Apartments in residential buildings cannot be used as a head office under the Housing Law, virtual-office addresses are accepted in some provinces and refused in others, and an industrial park developer will usually require the IRC before signing a factory lease, which is why a letter of offer is used at the application stage.

Legal representative. At least one individual resident in Vietnam, named in the charter and on the ERC, with the immigration and liability consequences explained in [Legal representative and governance](#). The bank will require that person in a branch, or on a biometric call, to open the accounts.

Capital. Charter capital must be fully paid within 90 days of the ERC, through the investment capital account; total investment capital, the charter capital plus loans, is written into the IRC and caps the foreign loans the company may later register with the State Bank ([Charter capital and capital contribution](#)). Set figures the investor can fund on that timetable and that bear a sensible relationship to the project's first-year costs.

Name. The Vietnamese name has the form "Công ty TNHH [name]" for an LLC or "Công ty Cổ phần [name]" for a JSC; a foreign-language name and an abbreviation may be registered alongside it. Names identical or confusingly similar to a registered company, names using State body titles, and names offending history, culture or ethics are refused. Check availability on the National Business Registration Portal before documents are drafted, because the name appears in every apostilled resolution.

Documents from abroad

A corporate investor provides its certificate of incorporation or extract from the home registry, its constitutional documents where the registry extract does not identify the directors, a board or shareholder resolution approving the Vietnamese investment and appointing the authorised representative, and the representative's passport. An individual investor provides a passport. Evidence of financial capacity is required for the IRC application, not for enterprise registration itself.

Public documents issued abroad must be either apostilled, since Vietnam applies the Hague Apostille Convention from 11 September 2026 to documents from states that have not objected to its accession, or legalised at a Vietnamese embassy or consulate for documents from other states. Private documents such as a board resolution are first notarised, then apostilled or legalised. Every foreign-language document is translated into Vietnamese by a translator whose signature is certified by a Vietnamese notary office or a district justice office. Budget two to four weeks for this stage, and more where the home registry is slow to issue certified extracts. Documents are usually accepted if issued within the last three to six months.

The procedure for a foreign-owned LLC or joint stock company

1 Investment Registration Certificate (ten working days)

File the project dossier through the National Investment Information System with the provincial Department of Finance or the zone management board. Projects in the Article 24 categories obtain investment policy approval first. Alternatively take the company-first route and obtain the IRC within 12 months, during which the project may not be implemented. The dossier, the two routes and a worked example are in [The Investment Registration Certificate](#).

2 Enterprise Registration Certificate (three working days)

File through the National Business Registration Portal on the forms issued with Circular No. 68/2025/TT-BTC: the application, the charter, the list of members or founding shareholders, the declaration of beneficial owners and of direct holders of 25% or more, copies of the investor's legalised documents and of the IRC, and the authorisation of the filer. Under Decree No. 296/2026/ND-CP both the principal and the authorised filer complete electronic authentication, or supply identity documents where the principal has no electronic account. The business registration office issues the ERC within three working days of a valid dossier; the enterprise code on it is also the tax code. The fee is VND 50,000, waived for online filing.

3 Seal, publication and signboard

The company decides the form, content and number of its seals and no longer registers a specimen; a digital signature may serve as a seal. Within 30 days of the ERC it publishes its registration contents on the National Business Registration Portal (fee VND 100,000) and displays its name at the head office and any branch.

4 Bank accounts

Open a Vietnamese dong current account and the investment capital account that Circular No. 38/2026/TT-NHNN requires for a foreign-invested company, which may be opened before the IRC. Circular No. 17/2024/TT-NHNN, as amended by Circular No. 25/2025/TT-NHNN, requires in-person or biometric verification of the legal representative, and since 1 July 2025 banks suspend online transactions on corporate accounts whose representative has not completed it. Banks ask for the ERC and IRC, the charter, the beneficial ownership information, the group structure, source-of-funds evidence and the signatories' identity documents.

5 Pay the charter capital within 90 days

Members or shareholders remit the registered charter capital into the investment capital account within 90 days of the ERC, the time needed to import or transfer title to in-kind assets excluded. Retain every bank advice: they evidence the capital for later profit remittance and divestment, and the business registration office may ask for them. If the capital cannot be paid in full, register a reduction within 30 days after the deadline.

6 Tax registration, digital signature and e-invoices

Tax registration is automatic with the ERC. Buy a digital signature token from a licensed provider, register for electronic tax filing and payment, choose the financial year and the accounting method, appoint a chief accountant or engage an accounting firm, and register for e-invoicing with the tax authority under Decree No. 123/2020/ND-CP as amended by Decree No. 70/2025/ND-CP before issuing any invoice. The annual business licence fee was abolished from 1 January 2026.

7 Labour, insurance and immigration

Declare labour use to the provincial labour authority within 30 days of starting operations; register the employer and employees with Vietnam Social Security on signing the first labour contract; register internal labour rules once the company has ten or more employees; and apply for work permits or exemption certificates and temporary residence cards for foreign staff, including the legal representative ([Chapter 4](#)).

8 Sector licences and other registrations

Before trading in a conditional line, obtain the sector licence: a business licence for import, distribution and retail by a foreign-invested enterprise (Decree No. 342/2026/ND-CP from 18 October 2026), an environmental permit or registration for a factory under the Law on Environmental Protection, fire-safety approval for premises, and food-safety, pharmaceutical, education, transport or other permits as the activity requires. File Vietnamese trademark applications at the same time ([Chapter 7](#)): Vietnam is first-to-file.

Enterprise registration dossier checklist (foreign-owned LLC)

Filed on the National Business Registration Portal on the Circular No. 68/2025/TT-BTC forms, after the IRC on Route A or as the first filing on Route B.

- ☐ **Application for enterprise registration**
Prescribed form for the company type, stating name, address, business lines by VSIC code, charter capital, members and their contributions, legal representative(s) and tax information.
- ☐ **Company charter**
Signed by the owner or all members (LLC) or founding shareholders (JSC). The charter is the constitution the registration office applies; joint-venture protections belong here as well as in any shareholders' agreement.
- ☐ **List of members (multi-member LLC) or founding shareholders and foreign shareholders (JSC)**
Prescribed form.
- ☐ **Declaration of beneficial owners**
Individuals owning 25% or more directly or indirectly, or controlling the company, with identity details; plus the list of organisations and individuals holding 25% or more directly (Decree No. 168/2025/ND-CP as amended by Decree No. 296/2026/ND-CP).

- ☐ **Legal documents of each member or shareholder**
Legalised or apostilled and translated certificate of incorporation and authorisation of the representative (organisation); passport (individual).
- ☐ **Legal documents of the legal representative(s)**
Passport or Vietnamese identity card.
- ☐ **Investment Registration Certificate**
Copy, on Route A. On Route B, the market-access undertaking required by Decree No. 96/2026/ND-CP.
- ☐ **Power of attorney for the filer**
Where a service provider or individual files; electronic authentication of principal and filer.
- ☐ **Head office lease or letter of offer**
Not a statutory dossier item but requested by many provincial offices and by the tax authority at the first inspection.

Official fees and typical costs (October 2026)

Item	Amount	Note
Investment Registration Certificate	No State fee	Issue and adjustment
Enterprise registration fee	VND 50,000	Circular No. 47/2019/TT-BTC; waived for online filing
Publication on the Portal	VND 100,000	Within 30 days of the ERC
Business licence fee	Abolished from 1 January 2026	Resolution No. 198/2025/QH15
Apostille or legalisation and certified translation	USD 300 to 800 for a typical corporate set	Depends on the home jurisdiction and the number of documents
Digital signature token	About VND 1.5 to 3 million for three years	Licensed providers; one per signatory in practice
Company seal	VND 300,000 to 600,000	Optional in law; expected by counterparties
Work permit fee	VND 400,000 to 1,000,000 per permit	Set by each province
Professional fees, Vietnamese firm	USD 2,000 to 6,000 for ERC-only; USD 3,000 to 8,000 including IRC and post-licensing	Typical market ranges, not quotations
Professional fees, international firm	USD 8,000 to 25,000	Depends on structuring, lease and sector licensing

A realistic timeline for a foreign-owned LLC on leased premises

Stage	Statutory period	Realistic elapsed time
Pre-checks, name reservation, document legalisation and translation		2 to 4 weeks
IRC (Route A)	10 working days from a valid dossier	3 to 6 weeks including one round of queries
ERC	3 working days	1 week
Seal, publication, bank accounts, digital signature, e-invoice registration		2 to 3 weeks; bank onboarding is the long pole
Capital contribution	Within 90 days of the ERC	As funds are remitted
Sector licences (if any)	Varies by licence	Weeks to months; run in parallel where the law allows
Total to a trading company with no sector licence		Typically 2 to 3 months

WORKED EXAMPLE

A wholly owned software-services LLC in Ho Chi Minh City on the company-first route

A UK private company wants a Vietnamese subsidiary to employ twelve developers and invoice the parent for services. No land, no conditional business line, no customers in Vietnam. The investor chooses Route B so that the lease and the first employment contracts can be signed quickly.

Capital	Charter capital USD 150,000 (VND equivalent), paid in one remittance within 60 days of the ERC; total investment capital USD 250,000 in the later IRC, leaving USD 100,000 of headroom for a registered parent loan.
Week 1	UK certificate of incorporation, articles and board resolution apostilled (FCDO e-apostille) and translated; name checked; serviced-office lease letter of offer obtained in District 1; legal representative chosen (the country manager, to relocate on a business visa, work permit to follow).
Week 2	ERC dossier filed online on the Circular 68/2025 forms with the market-access undertaking; ERC issued in three working days; tax code allocated; publication fee paid; seal made.
Weeks 3 to 4	Investment capital account and current account opened after in-person verification of the legal representative; digital signature token; e-invoice registration; labour declaration filed; work permit application lodged.

Week 6	Charter capital remitted and bank advice retained; first six developers employed; social insurance registration.
Weeks 6 to 14	IRC application filed on the National Investment Information System for the software-development project; IRC issued; the company may now implement the project and invoice the parent. Transfer pricing documentation prepared for the intra-group service agreement (Chapter 3).
Official costs	ERC: nil (online) plus VND 100,000 publication; apostilles and translations about USD 350; token about VND 2 million; work permit fee VND 600,000.
Professional fees	Vietnamese firm handling ERC, IRC, bank onboarding and the first work permit: in the region of USD 4,000 to 7,000.

Had the company invoiced the parent before the IRC issued, it would have implemented the project unlawfully under Article 72 of Decree No. 96/2026/ND-CP; the lease and employment were permissible preparatory steps.

The 90-day charter capital clock started on the ERC date in week 2, ten weeks before the IRC; the investor planned the remittance accordingly.

Vietnamese founders

A Vietnamese investor, or a company at or below 50% foreign ownership, skips the IRC altogether: it files the enterprise registration dossier, receives the ERC within three working days and proceeds to the seal, accounts, tax, labour and sector steps. A Vietnamese individual may instead register a business household with the commune-level authority for a small unincorporated business, now also handled online. Where the project falls within Article 24, investment policy approval is needed whoever the investor is, and any organisation implementing an investment project files the quarterly and annual reports described in [Reporting and ongoing obligations](#).

Doing it without travelling

Both the IRC and the ERC may be filed by an authorised individual or a licensed service provider holding a digital signature, and the registration authorities accept apostilled documents, so a founder need not visit Vietnam for the licensing. The bank is the exception: the legal representative must complete in-person or biometric verification, which in practice means at least one visit or the appointment of a resident legal representative who can attend. Plan that visit for the week after the ERC issues, so the accounts are open well inside the 90-day capital window, and combine it with the biometric steps that the tax authority's electronic identification increasingly requires of the legal representative.

Questions investors ask about incorporation

How long does it take to set up a company in Vietnam?

The statutory periods are ten working days for the Investment Registration Certificate and three working days for the Enterprise Registration Certificate. With document legalisation, bank onboarding and e-invoice registration, a foreign-owned LLC on leased premises with no sector licence is typically trading within two to three months of instruction.

What does it cost to register a company in Vietnam?

Official fees are minimal: no fee for the IRC, VND 50,000 for enterprise registration (waived online) and VND 100,000 for publication. The real costs are document legalisation and translation (USD 300 to 800), a digital signature token, and professional fees, typically USD 3,000 to 8,000 at a Vietnamese firm for a straightforward foreign-owned LLC.

Is there a minimum capital to set up a company in Vietnam?

No general minimum. Legal capital applies only in regulated sectors such as banking, insurance, securities and real estate business. Whatever charter capital is registered must be paid in full within 90 days of the ERC, and the licensing authority will expect it to be realistic for the project.

Can a foreigner set up a company in Vietnam without a local partner?

Yes. Outside the 23 lines closed to foreign investors and the 62 conditional lines in Appendix I of Decree No. 96/2026/ND-CP, a foreign investor may own 100% of a Vietnamese LLC or joint stock company.

Do I need to be in Vietnam to register a company?

Not for the filings, which an authorised person makes online with apostilled documents. The legal representative must, however, complete in-person or biometric verification to open the bank accounts, and at least one legal representative must reside in Vietnam.

THE 2027 HORIZON

- The Ministry of Finance is expected to revise the Circular No. 68/2025/TT-BTC forms to carry the market-access undertaking that Decree No. 96/2026/ND-CP requires on the company-first route; until then the undertaking is attached as a separate document.
- Law No. 24/2026/QH16 revises the conditional business lines from 1 March 2027; check lines registered in 2027 against the new annex.
- Electronic identification (VNeID) is being extended to foreign nationals; expect the registration and tax authorities to require the legal representative's electronic identity for more filings during 2027.

Terms you will meet in the documents

English	Vietnamese	Meaning
Enterprise Registration Certificate (ERC)	<i>Giấy chứng nhận đăng ký doanh nghiệp</i>	The certificate creating the company; its enterprise code is also the tax code.
Charter	<i>Điều lệ công ty</i>	The company's constitution, filed with the registration dossier.
Charter capital	<i>Vốn điều lệ</i>	The equity the owners commit, payable within 90 days of the ERC.
Legal representative	<i>Người đại diện theo pháp luật</i>	The individual who binds the company; at least one must reside in Vietnam.
Business registration office	<i>Phòng Đăng ký kinh doanh</i>	The office within the provincial Department of Finance that issues the ERC.
Business line	<i>Ngành, nghề kinh doanh</i>	A registered activity, identified by its VSIC code.
Investment capital account	<i>Tài khoản vốn đầu tư</i>	The bank account through which a foreign investor's capital enters and leaves Vietnam (Circular No. 38/2026/TT-NHNN).
Digital signature	<i>Chữ ký số</i>	The certificate-based signature used for registration, tax and invoice filings.
E-invoice	<i>Hóa đơn điện tử</i>	The only lawful form of invoice; registered with the tax authority before use.

FOREIGN V VIETNAMESE INVESTOR

The foreign investor's additional steps are the IRC (or the 12-month undertaking on the company-first route), apostilled and translated documents, the investment capital account, the compulsory audit, and the business licence for trading if the company imports and sells goods. A Vietnamese founder needs only the ERC, a current account and the ordinary tax, labour and sector registrations, and may use a business household for a small unincorporated business.

WATCH OUT FOR

- Letting the 90-day capital clock run while the bank is still onboarding; start the account opening the day the ERC issues.
- Registering a residential address, or a virtual office in a province that does not accept one.
- Issuing an invoice before e-invoice registration is complete; every invoice must be a registered e-invoice.
- Treating the IRC's total investment capital as a formality: loans above the equity must be registered with the State Bank and are capped by what the IRC states.
- Trading in a conditional line before the sector licence is in hand, or implementing the project on the company-first route before the IRC issues.

OFFICIAL SOURCES

- National Business Registration Portal (filing, name checks, publication) — <https://dangkykinhdoanh.gov.vn>
- National Legal Database (vbpl.vn): Law No. 59/2020/QH14 as amended; Decree No. 168/2025/ND-CP as amended by Decree No. 296/2026/ND-CP; Circular No. 68/2025/TT-BTC — <https://vbpl.vn>
- State Bank of Vietnam: Circular No. 38/2026/TT-NHNN; Circular No. 17/2024/TT-NHNN as amended — <https://www.sbv.gov.vn>
- Tax Department (electronic tax registration and e-invoices) — <https://gdt.gov.vn>
- Ministry of Finance — <https://mof.gov.vn>

Charter capital and capital contribution: how much, by when, through which account, in what form, and what happens if the deadline is missed

Reviewed 10 October 2026 · Prepared by a foreign investment lawyer (now retired) with 20 years' experience advising on Vietnamese investment law · Legal and tax information, not legal advice · [How we check](#) · [Open in the app](#)

WHAT YOU NEED TO KNOW

- There is no general minimum charter capital; legal capital applies only in regulated sectors such as banking, insurance, securities, real estate business and some transport, education and labour services.
- Charter capital must be paid in full within 90 days of the ERC (Articles 47, 75 and 113 of the Law on Enterprises), excluding time to import or transfer title to in-kind assets; failing that, a reduction must be registered within 30 days.
- Foreign investors pay through the investment capital account under Circular No. 38/2026/TT-NHNN; the bank advices are the evidence for later profit remittance and divestment.
- Law No. 76/2025/QH15 made failing to contribute registered capital without registering a reduction a prohibited act, tightened in-kind valuation, and capped private bonds by non-public JSCs at five times equity; Decree No. 296/2026/ND-CP expressly bars holding capital in another person's name.
- Total investment capital in the IRC (charter capital plus loans) caps the foreign loans the company may register with the State Bank.

Three figures that are easily confused

Charter capital (vốn điều lệ) is the equity the owners commit to the company, recorded in the charter and on the Enterprise Registration Certificate; it is the figure against which members' percentages, voting rights and dividend entitlements are measured. **Legal capital** (vốn pháp định) is a statutory minimum that applies only in regulated sectors: commercial banks (VND 3,000 billion), insurers, securities companies and fund managers, real estate businesses (20% of a project's capital for projects under 20 hectares, 15% above, under the Law on Real Estate Business), airlines, some transport and education activities, labour sub-leasing and a few others. Outside those sectors there is no minimum and founders set the figure. **Total investment capital** (vốn đầu tư) is the figure in the IRC for the whole project, made up of charter capital plus borrowed capital; it signals financial capacity to the licensing authority and caps the foreign loans the company can register with the State Bank ([Chapter 6](#)).

Setting charter capital too low invites questions at the IRC stage, starves the company and forces early shareholder loans that need registration; setting it too high creates a 90-day funding problem and locks equity in that can be returned only after two years and only if the company remains solvent. The usual approach is to set charter capital at the equity the business plan needs for the first 12 to 18 months and total investment capital at the full project cost including loans.

The 90-day rule

Under Articles 47 (multi-member LLC), 75 (single-member LLC) and 113 (JSC) of the Law on Enterprises, the members, the owner or the subscribing shareholders must pay the registered charter capital in full within 90 days of the issue of the Enterprise Registration Certificate, excluding the time needed to transport or import assets contributed in kind and to complete the administrative procedures for transferring title to them. The rule applies equally to Vietnamese founders. The IRC's schedule for funding the wider project is separate and may extend over years, but the charter capital portion falls due within the 90 days; on the company-first route under Article 72 of Decree No. 96/2026/ND-CP the 90 days run from the ERC even though the IRC may be months away (The Investment Registration Certificate). A member's rights and obligations in proportion to its contribution arise only once the contribution is made.

If the capital is not paid in time

The consequences are automatic and then procedural. A member who has not paid at all ceases to be a member in respect of the unpaid contribution; a member who has paid part holds rights in proportion to the part paid; and the unpaid part is offered to the other members, or, in a JSC, the unsubscribed shares may be offered for sale by the board. Within 30 days after the end of the 90-day period the company must register a reduction of charter capital to the amount actually paid and adjust the members' or shareholders' percentages. Until that registration the members or shareholders remain liable, in proportion to their committed contributions, for the company's financial obligations arising before the reduction. Law No. 76/2025/QH15 added teeth: declaring charter capital falsely by failing to contribute the registered amount without registering the reduction is now a prohibited act under the Law on Enterprises itself, with administrative penalties and, in serious cases, revocation of the ERC, and the rules on valuing contributed assets were tightened at the same time. A mismatch between registered and paid capital is also one of the first things a buyer's due diligence, a bank's credit committee or the tax authority will find, and it undermines the company's position in any dispute about members' rights.

The investment capital account

A foreign investor contributes capital by bank transfer into the company's investment capital account (tài khoản vốn đầu tư), which Circular No. 38/2026/TT-NHNN, in force from 18 August 2026 and replacing Circular No. 06/2019/TT-NHNN, requires every foreign-invested company to open at one licensed bank in Vietnam and to use for capital contributions, payments for share and capital transfers between a foreign and a Vietnamese party, the remittance of profits and the repatriation of capital on divestment or liquidation. One account is opened per currency, and the account can now be opened before the IRC issues, which removed a timing trap on the company-first route. Moving the account to another bank requires closing the old one and transferring the balance. Contributions that bypass the

account, for example a transfer to the ordinary current account or a payment made on the company's behalf abroad, do not count as registered capital for later remittance, and the bank advices for each contribution should be kept for the life of the investment. A Vietnamese investor may contribute its own foreign currency through the same account.

Contributions in kind

Capital may be contributed in Vietnamese dong, in freely convertible foreign currency, in gold, in land use rights, in intellectual property rights, in technology or know-how, or in other assets that can be valued in dong and lawfully transferred. In-kind assets must be valued either by unanimous agreement of the founders or by a licensed valuation organisation whose valuation the founders approve, with the valuation recorded in the charter; if an asset is valued above its actual value at the time of contribution, the contributors are jointly liable to make up the difference and for any loss caused by the deliberate overvaluation. Title must be transferred to the company: land use rights by registration at the land registration office (and, for a sublease in an industrial park, with the developer's consent), vehicles and registrable assets by re-registration, and intellectual property by recordal at the IP Office. Imported machinery contributed as capital may be exempt from import duty where the project qualifies ([Investment incentives](#)). The practical risk in joint ventures is a Vietnamese partner's land or an existing factory contributed at an optimistic value; an independent valuation and a representation on title are the usual protections.

Increasing and reducing capital

Capital is increased by further contributions from existing members or shareholders, by admitting new ones, or, in a JSC, by issuing new shares including by private placement to fewer than 100 investors; the increase is registered within ten days of the decision and, for a foreign-invested company, usually requires an adjustment of the IRC where the project's capital figure changes and Article 21 registration where foreign ownership crosses a threshold. Capital is reduced by returning part of the contributed capital to members or shareholders after at least two years of continuous operation and only if the company can still pay its debts and other liabilities in full; by the company repurchasing capital contributions or shares; or because capital was not paid in time. Law No. 76/2025/QH15 also capped private bond issues by non-public joint stock companies: total liabilities, including the new bonds, may not exceed five times owners' equity in the latest audited annual financial statements, with exemptions for State-owned enterprises, bonds issued to fund real estate projects, credit institutions, insurers, reinsurers and insurance brokers, securities companies and fund management companies. An LLC may issue bonds without that cap but is subject to the general corporate-bond rules under the securities legislation.

Nominees

Decree No. 296/2026/ND-CP, in force from 23 July 2026, expressly prohibits holding capital or shares in another person's name, and the beneficial ownership rules require the real owner to be declared ([Beneficial ownership and transparency](#)). Nominee structures used to work around foreign market access caps or to keep a company at 50% are therefore unlawful on both counts; the nominee contract is likely to be unenforceable in a Vietnamese court or arbitration as contrary to a prohibition of law, the

foreign principal may be unable to recover the stake, and both parties face administrative penalties. A foreign investor that cannot lawfully own the stake it wants should structure within the law: a joint venture within the cap, a business cooperation contract, convertible instruments that take effect when the law permits, or commercial arrangements that do not amount to ownership or control.

DECISION GUIDE

Setting the capital figures

For a new foreign-invested LLC.

Q1 Is the business in a sector with legal capital (banking, insurance, securities, real estate business, aviation, labour sub-leasing and the like)?

Yes Charter capital must be at least the legal capital, paid within 90 days; the sector regulator may require proof before the licence.

No Continue to Q2.

Q2 Can the investor remit the whole intended equity within 90 days of the ERC?

Yes Register that figure as charter capital. Continue to Q3.

No Register as charter capital only what can be paid within 90 days and plan an increase later (registered within ten days of the decision, with an IRC adjustment).

Q3 Will the project be financed partly by shareholder or bank loans?

Yes Set total investment capital in the IRC at charter capital plus the loans, so that the State Bank can register the foreign loans; loans above the IRC figure cannot be registered.

No Set total investment capital equal to charter capital, and adjust the IRC if loans are needed later.

Q4 Will any capital be contributed in kind (land, plant, IP)?

Yes Obtain an independent valuation, record it in the charter, transfer title within the extended period the law allows, and take a representation on title and value from the contributor.

No Cash through the investment capital account; retain the bank advices.

WORKED EXAMPLE

A joint venture that missed the 90 days

A Vietnamese LLC was registered with charter capital of VND 20 billion: a Thai investor committed VND 14 billion (70%) and a Vietnamese partner VND 6 billion (30%). By day 90 the Thai investor had remitted VND 14 billion into the investment capital account; the Vietnamese partner had paid VND 2 billion. Illustrative.

Position at day 90	The Vietnamese partner is a member only as to VND 2 billion; the unpaid VND 4 billion is offered to the Thai investor pro rata.
Within 30 days after day 90	Either the Thai investor takes up the VND 4 billion (paid through its capital account), keeping charter capital at VND 20 billion with the split moving to 90/10, or the company registers a reduction of charter capital to VND 16 billion with a split of 87.5/12.5.
If nothing is registered	The company is in breach of the prohibited-act rule under Law No. 76/2025/QH15; both members remain liable to creditors up to their committed VND 14 billion and VND 6 billion; the business registration office may impose penalties on a later inspection; a lender's or buyer's due diligence will flag the mismatch.
Knock-on effects	The IRC's capital schedule must be adjusted; at 90% or 87.5% foreign ownership nothing changes under Article 20 (already above 50%); the charter's voting thresholds now operate on the new percentages, so the Vietnamese partner at 10% or 12.5% has lost its 25% blocking position on the 75% matters.
What should have happened	A 90-day funding plan agreed at signing, a bridging loan from the Thai investor to the Vietnamese partner documented as a loan and not as a payment of the partner's capital (which would have been a nominee arrangement), or a lower initial charter capital with a staged increase.

Paying another member's contribution on its behalf is a loan or a gift to that member, not that member's contribution, and if disguised as the member's own payment it is a prohibited nominee holding.

Key rules

Item	Rule	Source
General minimum charter capital	None; legal capital in regulated sectors only	Law on Enterprises; sector laws
Deadline to pay charter capital	90 days from the ERC, excluding time to import or transfer in-kind assets	Law on Enterprises, Articles 47, 75 and 113
Channel for foreign contributions	Investment capital account, one per currency, at one licensed bank	Circular No. 38/2026/TT-NHNN
Failure to pay	Register a capital reduction within 30 days after the deadline; owners liable up to the committed amount until then; prohibited act if not registered	Law on Enterprises as amended by Law No. 76/2025/QH15

Item	Rule	Source
Registering a change in capital	Within 10 days of the decision; IRC adjustment where the project capital changes; Article 21 registration where foreign ownership crosses a threshold	Decree No. 168/2025/ND-CP; Law on Investment
Return of capital to members	After two years of operation and only if debts can still be paid in full	Law on Enterprises
In-kind contributions	Valued by unanimous agreement or a licensed valuer; contributors jointly liable for overvaluation; title transferred to the company	Law on Enterprises, Articles 34 to 36
Private bonds (non-public JSC)	Total liabilities, including the new bonds, not more than five times owners' equity per the latest audited accounts; SOEs, real estate project bonds and regulated financial issuers exempt	Law No. 76/2025/QH15
Nominee holdings	Prohibited; beneficial owner must be declared	Decree No. 296/2026/ND-CP; Decree No. 168/2025/ND-CP

Questions investors ask about charter capital

Is there a minimum capital to set up a company in Vietnam?

No general minimum. Legal capital applies only in regulated sectors such as banking (VND 3,000 billion for a commercial bank), insurance, securities, real estate business and a few others. Whatever charter capital is registered must be paid in full within 90 days of the ERC.

How long do I have to pay charter capital in Vietnam?

Ninety days from the issue of the Enterprise Registration Certificate, under Articles 47, 75 and 113 of the Law on Enterprises, excluding the time needed to import or transfer title to assets contributed in kind. If the capital is not fully paid, a reduction must be registered within the following 30 days.

What is the investment capital account in Vietnam?

The bank account that Circular No. 38/2026/TT-NHNN requires every foreign-invested company to open at a licensed Vietnamese bank, through which capital contributions, share transfer payments, profit remittance and divestment proceeds must pass. One account per currency; it can be opened before the IRC.

Can charter capital be contributed in assets rather than cash in Vietnam?

Yes: land use rights, intellectual property, technology, machinery and other assets that can be valued in dong may be contributed, at a value agreed unanimously by the founders or set by a licensed valuer and recorded in the charter, with title transferred to the company. Contributors are jointly liable for any overvaluation.

Can a Vietnamese individual hold shares on behalf of a foreign investor?

No. Decree No. 296/2026/ND-CP expressly prohibits holding capital or shares in another person's name, and the beneficial owner must be declared under Decree No. 168/2025/ND-CP. A nominee arrangement is unlawful, likely unenforceable and exposes both parties to penalties.

THE 2027 HORIZON

- The State Bank is expected to issue guidance under Circular No. 38/2026/TT-NHNN on the treatment of capital accounts opened before the IRC where the IRC is then refused or the 12-month period lapses.
- A revised decree on administrative penalties in business registration is in preparation to give effect to the prohibited acts added by Law No. 76/2025/QH15; penalty levels for unpaid registered capital are expected to rise.
- The Law on Real Estate Business legal-capital ratios may be revisited alongside the amended Land Law in 2027.

Terms you will meet in the documents

English	Vietnamese	Meaning
Charter capital	Vốn điều lệ	The equity the owners commit, recorded on the ERC.
Legal capital	Vốn pháp định	A statutory minimum capital in a regulated sector.
Investment capital	Vốn đầu tư	The IRC figure: charter capital plus loans.
Capital contribution	Góp vốn	Paying in the committed capital; also the member's stake in an LLC (phần vốn góp).
Investment capital account	Tài khoản vốn đầu tư	The account under Circular No. 38/2026/TT-NHNN.
Contribution in kind	Góp vốn bằng tài sản	Capital contributed as land, IP, machinery or other valued assets.
Valuation	Định giá	The agreed or professional valuation of in-kind assets recorded in the charter.
Reduction of charter capital	Giảm vốn điều lệ	The registered reduction after a shortfall, a return of capital or a buy-back.

English	Vietnamese	Meaning
Owners' equity	Vốn chủ sở hữu	The accounting equity against which the five-times bond cap is measured.

FOREIGN V VIETNAMESE INVESTOR

The 90-day rule, the in-kind valuation rules, the prohibited-act rule and the nominee ban apply to everyone. The investment capital account is a foreign-investor requirement, although a Vietnamese investor may contribute its own foreign currency through the same account, and the IRC's total investment capital figure exists only for projects that have an IRC.

WATCH OUT FOR

- Paying capital into the ordinary current account instead of the investment capital account: it will not count as registered capital for later remittance.
- Paying capital on behalf of another member: that is a loan or a gift, not that member's contribution, and if disguised it is a nominee arrangement.
- Forgetting the reduction filing after a shortfall: liability stays at the committed figure and the omission is now a prohibited act.
- Setting total investment capital in the IRC at the charter capital figure only, leaving no room to register shareholder loans later.
- Accepting a partner's in-kind contribution at an unverified value: the contributors are jointly liable for the shortfall and the stake percentages are built on it.

OFFICIAL SOURCES

- National Legal Database (vbpl.vn): Law No. 59/2020/QH14, Articles 34 to 36, 47, 75 and 113, as amended by Law No. 76/2025/QH15; Decree No. 168/2025/ND-CP as amended by Decree No. 296/2026/ND-CP — <https://vbpl.vn>
- State Bank of Vietnam: Circular No. 38/2026/TT-NHNN — <https://www.sbv.gov.vn>
- National Business Registration Portal — <https://dangkykinhdoanh.gov.vn>

The legal representative, directors and governance of an LLC and a joint stock company: residency, authority, organs, voting thresholds, minority rights and duties

Reviewed 10 October 2026 · Prepared by a foreign investment lawyer (now retired) with 20 years' experience advising on Vietnamese investment law · Legal and tax information, not legal advice · [How we check](#) · [Open in the app](#)

WHAT YOU NEED TO KNOW

- Every company must have at least one legal representative residing in Vietnam at all times; a sole resident representative who leaves must authorise another resident in writing (Article 12 of the Law on Enterprises).
- A single-member LLC has an owner, a chairman or members' council and a director; a multi-member LLC a members' council voting by capital at 65% and 75%; a JSC a general meeting voting by shares at over 50% and 65%, a board of three to eleven and a director.
- A JSC needs either a supervisory board or at least 20% independent directors with an audit committee; a multi-member LLC needs a supervisory board only if State-owned.
- The charter may raise or, within limits, lower the statutory thresholds; joint-venture protections bind the company only if they are in the charter.
- Law No. 76/2025/QH15 let 5% shareholders convene a general meeting where the board fails to, added a procedure for the members' council where the chairman cannot act and confirmed the legal representative's liability; it did not change the thresholds.

The legal representative

The legal representative (người đại diện theo pháp luật) is the individual who binds the company: he or she signs contracts and filings, represents the company before the authorities, the courts and arbitral tribunals, and answers personally for breaches of duty. A company may have one or more legal representatives; the charter fixes their number, titles and the division of powers, and the ERC and the National Business Registration Portal record them, so a counterparty can verify who may sign. Under Article 12(3) of the Law on Enterprises every enterprise must have at least one legal representative residing in Vietnam at all times. There is no nationality requirement. If the only resident legal representative leaves Vietnam, he or she must authorise in writing another individual residing in Vietnam to exercise those rights and obligations, and remains responsible for their exercise; the Ministry of Finance has indicated that the person so authorised may sign business registration filings. If the sole legal representative is absent for more than 30 days without such an authorisation, or dies, disappears, is detained, loses capacity or is banned from management, the owner, the members' council or the board must appoint a replacement.

A foreign legal representative who will work in Vietnam needs a work permit or an exemption certificate and a visa or temporary residence card, so immigration is planned alongside incorporation ([Chapter 4](#)); a capital-contributing owner of at least VND 3 billion is exempt from the work permit but not from immigration formalities. The legal representative owes the company the statutory duties of honesty, prudence and loyalty, must act in its best interests, must disclose related interests and is personally liable for loss caused by breach; Law No. 76/2025/QH15 confirmed that this liability is determined under the law, which makes it worth defining the duties, and the division of powers between several legal representatives, in the charter and in an internal delegation of authority. Appointing a junior employee as legal representative to avoid immigration steps places the company's signature in the hands of someone with no authority within the group and is a frequent source of disputes and, occasionally, of unauthorised dealings with company assets.

Single-member LLC

Where the owner is an organisation it chooses one of two models: a **chairman of the company** plus a director or general director, or a **members' council** of three to seven authorised representatives of the owner plus a director. A supervisory board is required only where the owner is a State enterprise. Where the owner is an individual, the owner is chairman and may also be director. The owner decides the charter, the capital, restructuring, major asset transactions, distributions and the appointment of the chairman or council and the director, by written resolution. The owner must keep its own assets separate from the company's and may withdraw capital only by transfer of the company or in the other cases the law allows; withdrawing profit while the company cannot pay its debts makes the owner liable. Because one owner decides everything, the practical governance questions are internal: who within the parent group may instruct the chairman, and whether the director's authority is limited by the charter and the internal delegation.

Multi-member LLC

The members' council, made up of all members or their authorised representatives, is the highest organ; it elects a chairman and appoints the director or general director. Votes are weighted by capital contribution. Resolutions pass with the votes of members holding at least 65% of the capital of those attending, and at least 75% for the sale of assets worth half or more of the total assets recorded in the latest financial statements, amendments to the charter, reorganisation and dissolution, *unless the charter provides otherwise*; written resolutions need members holding at least 65% of the total charter capital. A member who wants to sell to an outsider must first offer the stake to the other members pro rata on the same terms, and may sell to the outsider only what the members do not take within 30 days. Law No. 76/2025/QH15 added a procedure for convening the members' council where the chairman cannot act, for example through prolonged absence, detention or incapacity, with the company bearing the reasonable costs of the meeting. A supervisory board is compulsory only for State enterprises and their subsidiaries. The arithmetic matters: a 35% member has a blocking vote on ordinary matters at the statutory threshold and a 25% member on the reserved matters, which is why joint-venture charters lower the ordinary threshold to a simple majority where a majority partner wants control, raise it where a minority wants protection, and in every case list the reserved matters expressly.

Joint stock company

A JSC has a **general meeting of shareholders**, a **board of directors** of three to eleven members elected for terms of up to five years, and a **director or general director**. It must choose between two models: a supervisory board, which is not required where the company has fewer than eleven shareholders and no institutional shareholder holds 50% or more of the shares; or at least 20% independent directors and an audit committee under the board. General meeting resolutions pass with more than 50% of the votes of attending shareholders, and 65% for changes to share classes and numbers, changes of business lines or organisational structure, investments or sales of assets worth 35% or more of total assets, and reorganisation or dissolution, in each case unless the charter provides otherwise; board members and supervisors are elected by cumulative voting unless the charter provides otherwise. Shareholders holding 5% or more of the ordinary shares, or a lower percentage set in the charter, may call a general meeting in defined cases, nominate board candidates, inspect the register and the minutes, and, under Law No. 76/2025/QH15, convene the general meeting themselves within 30 days where the board of a company without a supervisory board fails to convene one when required; the shareholder list for a meeting is drawn from both the shareholder register and the securities ownership register. Founding shareholders must together hold at least 20% of the ordinary shares at registration and may not transfer them to non-founders within three years without the general meeting's approval. Preference shares are available only in a JSC: voting preference shares (held by founding shareholders for three years and by State-authorized organisations), dividend preference shares and redeemable preference shares, the last two carrying no vote. A JSC that falls below three shareholders for six consecutive months without converting must dissolve. The thresholds and organs described here were not changed by the 2025 amendments.

Governance organs compared

	Single-member LLC	Multi-member LLC	Joint stock company
Highest organ	Owner (through chairman or members' council)	Members' council	General meeting of shareholders
Board	Members' council of 3 to 7 (optional model)	None (members' council acts)	Board of directors, 3 to 11, up to 5-year terms, cumulative voting
Executive	Director / general director	Director / general director	Director / general director
Supervision	Only if owned by a State enterprise	Only State enterprises and subsidiaries	Supervisory board, or 20% independent directors plus audit committee
Statutory voting	Owner decides	65% of attending capital; 75% for reserved matters; charter may vary	Over 50% of attending votes; 65% for reserved matters; charter may vary

	Single-member LLC	Multi-member LLC	Joint stock company
Minority rights	n/a	Any member may sue managers; pre-emption on transfers	5% shareholders: call and convene meetings, nominate, inspect; 1% shareholders may sue managers
Transfer restrictions	Owner free	Pre-emption for other members	Founders locked 3 years; charter may restrict
Legal representative	At least one resident	At least one resident	At least one resident; chairman or director by default

Duties, related-party transactions and liability

Managers (members' council members, the chairman, directors, the legal representative and supervisors) owe statutory duties to exercise their rights and perform their obligations honestly, prudently and in the company's best interests, to be loyal to the company and its owners, not to misuse company assets, information or opportunities, and to disclose their and their related persons' interests in other enterprises. Contracts and transactions between the company and its managers, its members or shareholders above set percentages, their related persons and their affiliated companies must be approved by the members' council, the board or the general meeting as the law requires, with the interested party not voting; a contract made without the required approval is void and the persons responsible are liable for the loss. Managers who breach their duties are liable to the company, and a member of an LLC, or shareholders holding 1% of a JSC, may sue them on the company's behalf. For foreign groups, intra-group service, licence and loan agreements with the parent are related-party transactions that need the internal approval and also transfer pricing documentation ([Chapter 3](#)); the practical safeguards are a clear charter, a written internal delegation of authority to the legal representative and the director, board approval of intra-group agreements, and minutes.

Charter v shareholders' agreement

Vietnamese law treats the charter as the company's constitution and the registration office applies it; a shareholders' agreement binds the parties who sign it but does not bind the company or the authority unless its terms are in the charter. Reserved matters, altered voting thresholds, board composition and appointment rights, quorum rules, deadlock and escalation mechanisms, dividend policy, transfer restrictions, pre-emption and tag and drag rights should therefore be written into the charter as well as the agreement, and the two should be drafted together so they do not conflict (where they do, the charter prevails at the registration office and a Vietnamese court will start from it). Put and call options, drag and tag rights and non-compete undertakings are enforceable between the parties under the Civil Code, but their exercise still requires the Article 21 registration, the ERC amendment and the capital account steps described in [Chapter 8](#), and a transfer that the charter's pre-emption clause would block cannot be forced through on the strength of the agreement alone.

Reserved matters commonly written into a joint-venture charter

Matters typically requiring a higher threshold or a named member's consent. The list is a starting point, not a template.

- ☐ **Amendments to the charter and changes to charter capital**
Including new issues, buy-backs and the admission of new members.
- ☐ **Business plan and annual budget; material departures from them**
Often with a tolerance band.
- ☐ **Borrowing, guarantees and security above a threshold**
Including shareholder loans and their terms.
- ☐ **Acquisition or disposal of assets, businesses or shares above a threshold**
The statutory 50% and 35% tests are high; joint ventures set lower ones.
- ☐ **Related-party transactions**
Any contract with a member, its affiliates or the managers.
- ☐ **Appointment and removal of the director, the chief accountant and the legal representative(s)**
And the division of powers between them.
- ☐ **Dividend policy and distributions**
Timing, minimum pay-out and retention.
- ☐ **Change of business lines, new projects and new subsidiaries**
Each carries IRC and market access consequences.
- ☐ **Litigation and arbitration above a threshold**
Commencement and settlement.
- ☐ **Reorganisation, conversion, dissolution and insolvency filings**
And any IPO or listing.

WORKED EXAMPLE

A 70/30 joint venture: what each partner can and cannot do under the statutory thresholds, and how the charter changed them

A French industrial group (70%) and a Vietnamese founder (30%) form a multi-member LLC. Illustrative.

Statutory position, ordinary matters (65% of attending capital)	The French partner at 70% passes ordinary resolutions alone; the founder at 30% cannot block them.
Statutory position, reserved matters (75%)	Sale of assets of half or more of total assets, charter amendments, reorganisation and dissolution: the founder at 30% blocks them, since 70% is below 75%.

Charter as drafted	Ordinary matters at a simple majority of attending capital (the French partner's control is confirmed and the 65% quorum risk removed); a defined list of reserved matters at 75% (the founder's protection is confirmed and extended to budget departures, related-party transactions and the appointment of the director); the French partner appoints the chairman and the legal representative, the founder a deputy director; the founder's pre-emption right is preserved and a put option after year five is added; deadlock on a reserved matter escalates to the chief executives and then to a buy-sell mechanism.
Shareholders' agreement	Mirrors the charter and adds the matters the registration office does not need to see: the founder's non-compete, the French partner's technology licence terms and the option pricing formula.
Legal representative	The French country manager, relocated on a work permit, with a written authorisation in favour of the Vietnamese deputy director for periods of absence; signing authority limited by an internal delegation to contracts under a set value.
Related-party approvals	The technology licence and the parent's management services agreement are approved by the members' council with the French partner not voting (the founder therefore approves them, which is one of the points negotiated at signing), and are supported by transfer pricing documentation.

Without the charter changes, the French partner would have had to attend every members' council meeting to make quorum and would still have been unable to amend the charter, and the founder would have had no protection on the budget or on the parent's service fees.

Questions investors ask about governance

Must the legal representative of a Vietnamese company live in Vietnam?

At least one legal representative must reside in Vietnam at all times under Article 12(3) of the Law on Enterprises. A sole resident legal representative who leaves must authorise in writing another individual residing in Vietnam, and a replacement must be appointed if the absence exceeds 30 days without authorisation. There is no nationality requirement.

What voting thresholds apply in a Vietnamese LLC?

Members' council resolutions pass with members holding at least 65% of the capital of those attending, and 75% for the sale of assets of half or more of total assets, charter amendments, reorganisation and dissolution, unless the charter provides otherwise. Written resolutions require 65% of total charter capital.

What voting thresholds apply in a Vietnamese joint stock company?

General meeting resolutions pass with more than 50% of the votes of attending shareholders, and 65% for changes to share classes, business lines or organisational structure, investments or sales of assets of 35% or more of total assets, and reorganisation or dissolution, unless the charter provides otherwise. Board elections use cumulative voting unless the charter provides otherwise.

Did the 2025 amendments change voting thresholds in Vietnam?

No. Law No. 76/2025/QH15 left the thresholds and organs unchanged. It let shareholders holding 5% convene a general meeting where the board of a company without a supervisory board fails to, added a procedure for the members' council where the chairman cannot act, confirmed the legal representative's liability and introduced beneficial ownership disclosure.

Is a shareholders' agreement enforceable in Vietnam?

Between its parties, yes, under the Civil Code. It does not bind the company or the registration office unless its terms are in the charter, so reserved matters, thresholds, board rights and transfer restrictions must be written into the charter as well.

THE 2027 HORIZON

- A revised decree on corporate governance of public companies under the Law on Securities is expected, tightening independent-director and related-party rules for listed and public JSCs.
- The Ministry of Finance is reviewing electronic general meetings and e-voting rules following the 2025 amendments; expect clearer provisions on online meetings and digital signatures on resolutions.
- Guidance on the legal representative's liability under Law No. 76/2025/QH15 is awaited; until it issues, the charter is the place to define duties and powers.

Terms you will meet in the documents

English	Vietnamese	Meaning
Legal representative	<i>Người đại diện theo pháp luật</i>	The individual who binds the company (Article 12).
Authorised representative	<i>Người đại diện theo ủy quyền</i>	An individual appointed by a corporate member or shareholder to exercise its rights.
Members' council	<i>Hội đồng thành viên</i>	The highest organ of a multi-member LLC, or the owner's body in a single-member LLC.
Chairman of the company	<i>Chủ tịch công ty</i>	The owner's representative organ in a single-member LLC under the chairman model.
General meeting of shareholders	<i>Đại hội đồng cổ đông</i>	The highest organ of a JSC.
Board of directors	<i>Hội đồng quản trị</i>	The JSC's management board of 3 to 11 members.
Supervisory board	<i>Ban kiểm soát</i>	The internal control organ; compulsory in defined cases.
Independent director; audit committee	<i>Thành viên độc lập Hội đồng quản trị; Ủy ban kiểm toán</i>	The alternative supervision model for a JSC.

English	Vietnamese	Meaning
Director / general director	<i>Giám đốc / Tổng giám đốc</i>	The chief executive.
Related person	<i>Người có liên quan</i>	The persons and companies whose dealings with the company need approval.

FOREIGN V VIETNAMESE INVESTOR

Governance rules are identical for domestic and foreign-owned companies. The foreign-specific issues are immigration for a foreign legal representative, the need to authorise a resident when the representative is abroad, and the fact that intra-group contracts with a foreign parent are related-party transactions requiring approval and transfer pricing documentation.

WATCH OUT FOR

- A sole legal representative who travels without a written authorisation to a resident: filings, bank instructions and contracts stall, and after 30 days a replacement must be appointed.
- Relying on a shareholders' agreement that the charter contradicts: the charter wins at the registration office.
- Appointing an expatriate director before the work permit or exemption certificate is issued.
- Unapproved related-party contracts with the parent: void, and a transfer pricing exposure.
- Assuming a 60% or 70% stake controls the company: at the statutory thresholds it does not control the 75% matters and may not control the 65% matters without the charter saying so.

OFFICIAL SOURCES

- National Legal Database (vbpl.vn): Law No. 59/2020/QH14, Articles 12 to 13, 54 to 60, 79 to 81, 115 to 120, 137 to 167, as amended by Law No. 76/2025/QH15 — <https://vbpl.vn>
- National Business Registration Portal — <https://dangkykinhdoanh.gov.vn>
- Ministry of Finance — <https://mof.gov.vn>

Beneficial ownership and transparency: the 25% test, tracing through the chain, the register, ten-day notifications, the nominee ban and what banks will ask

Reviewed 10 October 2026 · Prepared by a foreign investment lawyer (now retired) with 20 years' experience advising on Vietnamese investment law · Legal and tax information, not legal advice · [How we check](#) · [Open in the app](#)

WHAT YOU NEED TO KNOW

- A beneficial owner is any individual who directly or indirectly owns 25% or more of charter capital or voting shares, counting family members and persons acting together; failing that, whoever exercises ultimate control; failing that, the most senior manager (Decree No. 168/2025/ND-CP as amended by Decree No. 296/2026/ND-CP).
- Companies declare beneficial owners and direct 25% holders at registration, keep the information at the head office, provide it to authorities and banks on request and notify changes within ten days; the registry keeps it for at least five years after the company ceases.
- Listed companies and companies registered for securities trading are exempt from the change notifications; existing companies declared when they next registered a change.
- Nominee shareholding is expressly prohibited by Decree No. 296/2026/ND-CP; false declarations are a prohibited act.
- Vietnam remains on the FATF increased-monitoring list, so banks apply enhanced due diligence to foreign-owned companies.

Where the rules come from

Law No. 76/2025/QH15, in force from 1 July 2025, introduced the concept of the *beneficial owner of an enterprise* (chủ sở hữu hưởng lợi của doanh nghiệp) into the Law on Enterprises, defining it as an individual who actually owns the charter capital or exercises control over the enterprise, and excluding representatives of State ownership. Decree No. 168/2025/ND-CP of 30 June 2025 sets the tests and the procedure, and Decree No. 296/2026/ND-CP, in force from 23 July 2026, refined the forms, added electronic authentication for filings and expressly prohibited holding capital in another person's name. The regime is Vietnam's response to its placing on the Financial Action Task Force's list of jurisdictions under increased monitoring in June 2023, and it sits alongside the customer due diligence rules that banks apply under Law No. 14/2022/QH15 on Anti-Money Laundering. It applies to every enterprise registered in Vietnam, foreign-owned or domestic, with limited adjustments for listed companies.

The three tests

A beneficial owner is always an individual, never a company, and the decree applies three tests in sequence. **Ownership.** Any individual who directly or indirectly owns 25% or more of the charter capital or of the total voting shares of the enterprise. Direct and indirect holdings are added together; indirect holdings are traced up through intermediate companies, partnerships, funds and trusts by multiplying the percentages at each level; and the holdings of the individual's family members and of persons acting together with the individual under a contract or arrangement are aggregated. **Control.** If no individual meets the ownership test, any individual who has the right to control the enterprise, in particular the right to appoint or remove a majority of the board of directors or members' council, the legal representative or the director, or to approve or veto the enterprise's decisions, whether through ownership, contract or otherwise. **Senior management.** If no individual meets either test, the individual who holds the most senior management position, typically the chairman or the general director. All general partners of a partnership are beneficial owners. For a company owned at the top of its chain by a listed parent, a widely held fund or a discretionary trust, the tracing often ends in the control or senior-management test rather than the ownership test, and the company must document why.

What a company must do

1 Trace and declare at registration

The ERC application includes a declaration of beneficial owners, with full name, date of birth, nationality, ethnicity (for Vietnamese nationals), identity document, contact and residential address, and the percentage or nature of the interest, and a separate list of the organisations and individuals that directly hold 25% or more of the charter capital or voting shares.

2 Keep the information at the head office

The company maintains the beneficial ownership list, updates it on learning of a change, keeps it at the head office or another place specified in the charter, and produces it to the business registration office, the tax authority, the State Bank, the anti-money-laundering authority, banks and other reporting entities and law enforcement on request. The registry retains the information for at least five years after the company is dissolved or goes bankrupt.

3 Notify changes within ten days

Any change in beneficial owners or in their declared details is notified to the business registration office within ten days, through the National Business Registration Portal with electronic authentication, together with any related change of members or shareholders. Listed companies and companies registered for securities trading are exempt from this notification because their ownership is disclosed under securities law.

4 Existing companies

Companies registered before 1 July 2025 declare their beneficial owners when they next register or notify any change to their registration, or earlier if they choose; the obligation to keep the information applies regardless.

5 Answer the bank, and keep answering

Licensed banks identify and verify beneficial owners before opening the investment capital account and the current account and refresh the information periodically and on trigger events; a change not reported to the bank can freeze transactions.

WORKED EXAMPLE

Tracing beneficial ownership through a three-layer structure

A Vietnamese LLC is owned 100% by a Singapore holding company. The Singapore company is owned 60% by a Cayman fund and 40% by a Hong Kong company. The Hong Kong company is owned 50/50 by two brothers. The Cayman fund has 40 limited partners, none above 10%, and a general partner owned by an individual, Ms A, who alone appoints the fund's investment committee. Illustrative.

Brother 1	Indirect holding $100\% \times 40\% \times 50\% = 20\%$. Below 25% alone. Aggregated with his brother as a family member: 40%. Beneficial owner.
Brother 2	Same: 20% alone, 40% aggregated. Beneficial owner.
Any limited partner of the fund	At most $100\% \times 60\% \times 10\% = 6\%$. Not a beneficial owner by ownership.
Ms A	No ownership above 25%, but through the general partner she controls the fund's voting of its 60% stake, which carries the right to appoint a majority of the Singapore board and so of the Vietnamese company's chairman. Beneficial owner under the control test.
Declaration	Three beneficial owners declared: the two brothers (ownership, aggregated) and Ms A (control), with the Singapore company listed as the direct 25%-plus holder. Group chart, the fund's constitutional documents and the Hong Kong register extracts kept at the head office and supplied to the bank.
Later change	The brothers sell the Hong Kong company to a listed Japanese group. Within ten days the Vietnamese LLC notifies the removal of the brothers as beneficial owners; the Japanese group's dispersed ownership means no new individual reaches 25% through that limb, so the declaration records Ms A under control and, for the Japanese 40% limb, the senior manager of the Japanese group under the fallback, with the reasoning documented.

The company, not the shareholders, bears the obligation to trace; a foreign parent that refuses to disclose its ownership leaves its Vietnamese subsidiary in breach and its bank accounts at risk.

Nominees and side arrangements

Decree No. 296/2026/ND-CP expressly prohibits holding capital or shares in another person's name. Together with the beneficial ownership tests, this closes the traditional route around foreign market access caps and around the 50% threshold, in which a Vietnamese individual held shares for a foreign investor under a side agreement, a power of attorney and a pre-signed transfer. The nominee contract is

unlawful in object and unlikely to be enforced by a Vietnamese court or arbitral tribunal; the foreign principal may be unable to recover the stake if the nominee defaults, dies or is pursued by creditors; the company's ERC is exposed to revocation in serious cases; and both parties face administrative penalties, with false declaration of beneficial ownership now a prohibited act under the Law on Enterprises. Arrangements that confer control without ownership, such as loan agreements with sweeping consent rights, call options at nominal prices, irrevocable powers of attorney and management contracts, fall within the control test and will be examined by banks and, in an acquisition, by the buyer's lawyers; where they are commercial in substance they are declared under the control limb rather than concealed.

Who can see the information

Beneficial ownership information is held by the business registration office and shared with the tax authority, the State Bank, the anti-money-laundering authority and law enforcement; it is not published on the public company search in the way that members, charter capital and the legal representative are, although the list of direct 25% holders appears in the registration record. Banks, auditors, notaries, securities companies, real estate brokers and other reporting entities obtain it from the company as part of their own due diligence under the anti-money-laundering law. Foreign parents should expect requests for group charts, register extracts, fund and trust documents and identity documents for the individuals at the top of the chain, and should prepare a standard beneficial ownership pack, refreshed annually, before the first bank meeting.

Key rules

Item	Rule	Source
Ownership test	25% or more of charter capital or voting shares, direct or indirect, aggregated with family and persons acting together	Decree No. 168/2025/ND-CP, Article 17
Control test	Right to appoint or remove a majority of the board, the legal representative or the director, or to approve or veto decisions	Decree No. 168/2025/ND-CP
Fallback	Most senior manager	Decree No. 168/2025/ND-CP
Declaration	At registration; existing companies at their next registered change	Law No. 76/2025/QH15; Decree No. 168/2025/ND-CP
Notification of changes	Within 10 days, via the Portal; listed and securities-registered companies exempt	Decree No. 168/2025/ND-CP, Article 52
Retention	At the head office; registry keeps for at least 5 years after dissolution or bankruptcy	Law No. 76/2025/QH15
Nominee holdings	Prohibited	Decree No. 296/2026/ND-CP
False declaration	Prohibited act; administrative penalties; ERC revocation in serious cases	Law on Enterprises as amended by Law No. 76/2025/QH15

Item	Rule	Source
Bank due diligence	Identify and verify beneficial owners before account opening; refresh periodically	Law No. 14/2022/QH15 on Anti-Money Laundering; State Bank circulars

Beneficial ownership compliance checklist

- ☐ **Group chart to the individuals**
Every entity and percentage from the Vietnamese company to the natural persons, dated and signed.
- ☐ **Ownership computation**
Multiplication through each layer; aggregation of family members and persons acting together; result for each individual.
- ☐ **Control analysis where no individual reaches 25%**
Who appoints the board, the legal representative and the director; who can veto; documented with the constitutional documents.
- ☐ **Senior-manager fallback**
Identified and recorded where neither test produces an individual.
- ☐ **Identity documents for each beneficial owner**
Passport or identity card, date of birth, nationality, address; translations where required.
- ☐ **List of direct 25% holders**
Organisations and individuals, with registration details.
- ☐ **Head office file and charter reference**
Where the list is kept, and who is responsible for updating it.
- ☐ **Change-notification procedure**
Group undertaking to inform the Vietnamese company of ownership changes in time for the ten-day filing.
- ☐ **Bank pack**
The same material in the form each bank requests, refreshed annually and on trigger events.

Questions investors ask about beneficial ownership

Who is a beneficial owner under Vietnamese law?

Any individual who directly or indirectly owns 25% or more of a company's charter capital or voting shares, counting family members and persons acting together; failing that, any individual who controls the company through the right to appoint a majority of the board, the legal representative or the director or to veto its decisions; failing that, the most senior manager, under Decree No. 168/2025/ND-CP as amended.

Must a Vietnamese subsidiary disclose the owners of its foreign parent?

Yes. Beneficial ownership is traced through the whole chain of holding companies, funds and trusts to the individuals, and the Vietnamese company declares those who meet the 25% ownership test or the control test, however many layers up they sit.

When must beneficial ownership changes be reported in Vietnam?

Within ten days of the change, to the business registration office through the National Business Registration Portal, together with any related change of members or shareholders. Listed companies and companies registered for securities trading are exempt from the change notification.

Is beneficial ownership information public in Vietnam?

No. It is held by the business registration office and shared with the tax, banking, anti-money-laundering and law-enforcement authorities, and provided by the company to banks and other reporting entities on request; it is not published on the public company search, although direct 25% holders appear in the registration record.

Are nominee shareholders legal in Vietnam?

No. Decree No. 296/2026/ND-CP expressly prohibits holding capital or shares in another person's name, false declaration of beneficial ownership is a prohibited act, and a nominee contract is unlikely to be enforced by a Vietnamese court or tribunal.

THE 2027 HORIZON

- Vietnam is working through its FATF action plan with a view to removal from the increased-monitoring list; progress reports in 2026 and 2027 may bring further amendments to the anti-money-laundering decrees and to bank due diligence standards.
- The business registration system is being linked to the national population database and the tax system; expect automated verification of declared individuals' identity details from 2027.
- A decree on the beneficial ownership of legal arrangements (trusts and similar) is under discussion to close the remaining gap identified by FATF.

Terms you will meet in the documents

English	Vietnamese	Meaning
Beneficial owner of an enterprise	<i>Chủ sở hữu hưởng lợi của doanh nghiệp</i>	The individual who actually owns or controls the company.
Indirect ownership	<i>Sở hữu gián tiếp</i>	Ownership through one or more intermediate entities, computed by multiplication.
Related person; persons acting together	<i>Người có liên quan; người cùng hành động</i>	Holdings aggregated for the 25% test.
Control	<i>Quyền chi phối</i>	The right to appoint or remove key officers or to veto decisions.
Business registration office	<i>Phòng Đăng ký kinh doanh</i>	The office that receives declarations and notifications.
Anti-money laundering	<i>Phòng, chống rửa tiền</i>	Law No. 14/2022/QH15 and the bank due diligence rules under it.
Customer due diligence	<i>Nhận biết khách hàng</i>	The bank's identification and verification of the customer and its beneficial owners.
Prohibited act	<i>Hành vi bị nghiêm cấm</i>	Conduct the Law on Enterprises forbids, now including false capital and ownership declarations.

FOREIGN V VIETNAMESE INVESTOR

The rules are identical for both. In practice a foreign-owned company has more layers to trace and more documents to legalise, and a company owned by a listed parent, a fund or a trust needs to work out, with its bank, how far up the chain the tracing goes and who is treated as controlling where no individual reaches 25%. A Vietnamese family company usually has a simple declaration but must still aggregate family holdings.

WATCH OUT FOR

- Counting only direct holdings: family members and parties acting together are aggregated, and indirect holdings are multiplied through the chain.
- Treating the declaration as a one-off: a change of beneficial owner anywhere in the group chain is notifiable within ten days.
- Any arrangement in which the registered owner is not the real owner.
- Inconsistent information between the ERC declaration, the bank's file and the tax authority's related-party disclosures; the systems increasingly cross-check.
- A foreign parent that will not disclose: the Vietnamese subsidiary, not the parent, is the party in breach.

OFFICIAL SOURCES

- National Legal Database (vbpl.vn): Law No. 76/2025/QH15; Decree No. 168/2025/ND-CP as amended by Decree No. 296/2026/ND-CP; Law No. 14/2022/QH15 on Anti-Money Laundering — <https://vbpl.vn>
- National Business Registration Portal — <https://dangkykinhdoanh.gov.vn>
- State Bank of Vietnam (anti-money-laundering and customer due diligence rules) — <https://www.sbv.gov.vn>
- Financial Action Task Force: jurisdictions under increased monitoring — <https://www.fatf-gafi.org>

Branches and representative offices of foreign companies: eligibility, licensing, what each may do, the chief representative, tax, reporting and closure

Reviewed 10 October 2026 · Prepared by a foreign investment lawyer (now retired) with 20 years' experience advising on Vietnamese investment law · Legal and tax information, not legal advice · [How we check](#) · [Open in the app](#)

WHAT YOU NEED TO KNOW

- A representative office is licensed by the provincial Department of Industry and Trade (or a zone board) after one year of parent operation, within seven working days of a valid dossier; the licence runs for up to five years and is renewable.
- It may do liaison, market research and promotion, rent premises, employ staff and hold accounts for its expenses, but may not earn income, issue invoices or sign the parent's contracts without a specific power of attorney (Article 18 of the Commercial Law).
- A branch needs a Ministry of Industry and Trade licence, five years of parent operation and a sector Vietnam has opened to branches; the parent is directly liable and the branch pays corporate income tax.
- A representative office pays no corporate income tax or VAT but registers a tax code, withholds personal income tax, pays compulsory insurance for Vietnamese staff and files an annual report before 30 January.
- A representative office cannot convert into a company; the parent forms a company and closes the office, a process of two to three months.

Two commercial presences, not companies

A representative office (văn phòng đại diện, RO) and a branch (chi nhánh) of a foreign trader are dependent units of the foreign company, licensed under Commercial Law No. 36/2005/QH11 and Decree No. 07/2016/ND-CP. Neither has legal personality: the foreign parent is the contracting party and is liable for everything the unit does, and the unit's assets are the parent's assets. Neither needs an Investment Registration Certificate, because neither carries out an investment project, and neither is subject to the Law on Enterprises; they sit under the Ministry of Industry and Trade's commercial-presence regime, or under the sector regulator for banks, insurers, securities firms, law firms, education providers, tourism operators and a few other regulated fields. That is why they can be established quickly and why their activities are narrow.

Representative office: eligibility and licensing

The parent must be lawfully established and registered abroad and have operated for at least one year from its registration. The licence is issued by the **provincial Department of Industry and Trade**, or by the **management board** where the office sits in an industrial park, export processing zone, high-tech zone or economic zone, within seven working days of a complete dossier (longer where the Ministry of Industry and Trade must be consulted, as for activities not covered by Vietnam's treaty commitments). The licence is granted for up to five years, not exceeding the remaining term of the parent's own registration, and is renewable for the same period on application at least 30 days before expiry. A foreign trader may have more than one representative office in Vietnam but not more than one in the same province. After licensing the office registers a tax code with the local tax office, opens a foreign-currency account funded by the parent and a dong account for local spending, has a seal made (seals of representative offices are still registered with the police under the seal regulations applicable to non-enterprise organisations), notifies the labour authority when it hires and registers with Vietnam Social Security for its Vietnamese employees.

Representative office licence dossier

Filed with the provincial Department of Industry and Trade. Foreign documents are apostilled or legalised and translated.

- ☐ **Application on the prescribed form**
Signed by the parent's authorised representative.
- ☐ **Parent's certificate of incorporation or business registration**
Showing at least one year of operation.
- ☐ **Parent's audited financial statements or tax-filing confirmation**
For the latest financial year, evidencing continuing existence and activity.
- ☐ **Appointment letter and passport (or identity card) of the chief representative**
With the parent's decision appointing him or her.
- ☐ **Evidence of the office premises**
Lease or memorandum, with the landlord's documents showing the premises may be used as an office.
- ☐ **Parent's charter or articles**
Where the registry extract does not show the scope of business, to confirm the parent's activities correspond to the office's proposed functions.
- ☐ **Power of attorney for the filer**
Where a service provider files.

What a representative office may and may not do

Under Article 18 of the Commercial Law a representative office may operate as a liaison office; conduct market research; promote the business and investment opportunities of the parent; rent premises and buy or lease the equipment it needs; employ Vietnamese and foreign staff; and open accounts in foreign currency and in dong for its operating expenses. It may **not** carry out directly profit-generating activities in Vietnam; issue invoices or receive payment for goods or services; import goods for sale or hold stock for sale; provide services for a fee; or enter into, amend or supplement the parent's contracts, unless the chief representative holds a valid power of attorney from the parent for a specific contract. Under Article 19 it must operate within its licensed scope, pay tax and comply with the labour law, and report annually. An office that in substance negotiates and concludes sales, manages a distributor's pricing or after-sales service for a fee, or holds a warehouse creates a permanent establishment of the parent for tax purposes under domestic law and most of Vietnam's tax treaties, exposes the parent's Vietnam-sourced income to corporate income tax, and breaches the licence; the Department of Industry and Trade and the tax authority inspect for exactly this.

The chief representative

The chief representative (trưởng văn phòng đại diện) runs the office under a power of attorney from the parent and may be a foreign or a Vietnamese national. A foreign chief representative needs a work permit or exemption certificate and a temporary residence card, obtained after the licence issues; the chief representative may not simultaneously be the head of a branch of the same or another foreign trader in Vietnam, the legal representative of the parent, or the legal representative of a Vietnamese company; and may sign a contract on the parent's behalf only under a power of attorney specific to that contract, which the office must keep on file. If the chief representative leaves Vietnam, he or she must authorise another person in writing to run the office, with the parent's consent, and remains responsible; if the absence exceeds 30 days without an authorisation, or the chief representative dies, disappears, is detained or loses capacity, the parent must appoint a replacement. Changes of chief representative, name, address or scope require an amendment of the licence within 60 working days of the change.

Tax position of a representative office

An RO has no revenue and pays no corporate income tax or VAT, but it is an employer and a taxpayer in other respects: it registers for personal income tax, withholds and remits PIT on its staff's salaries monthly or quarterly and finalises annually; pays compulsory social, health and unemployment insurance for Vietnamese employees and social and health insurance for foreign employees on contracts of 12 months or more; pays the 2% trade union fee; and keeps books of its expenses, which are funded by remittances from the parent that are not taxable in Vietnam. VAT on the office's purchases is a cost, not recoverable. Where the parent earns Vietnam-sourced income from customers in Vietnam, the foreign contractor tax rules apply to those payments regardless of the office's existence ([Chapter 3](#)), and a tax audit of the office will test whether its activities went beyond liaison. Foreign staff of the office are taxed as residents or non-residents on the ordinary rules ([Chapter 4](#)).

Branch of a foreign trader

A branch may conduct business and earn income in Vietnam, but only in the sectors Vietnam's treaty commitments have opened to branches, which outside banking, insurance, securities and legal services are few, and in each case under the sector regulator's licence. A trading-branch licence from the Ministry of Industry and Trade under Decree No. 07/2016/ND-CP requires the parent to have operated for at least five years and is issued within seven working days of a complete dossier (longer with ministry consultation); it runs for up to five years and is renewable. The branch has a head of branch, keeps its own accounting books under Vietnamese Accounting Standards, is audited, pays corporate income tax and VAT on its Vietnamese activities, may remit its after-tax profits to the parent, employs staff on Vietnamese labour contracts and is subject to Vietnamese court jurisdiction with the parent directly liable for its obligations. Because of the sector restrictions and the exposure, foreign companies outside the regulated sectors form a Vietnamese subsidiary instead; within them, the choice between a branch and a locally incorporated subsidiary is usually dictated by the sector law and by the parent's capital and supervisory treatment at home.

Representative office v branch v subsidiary

	Representative office	Branch	Subsidiary (LLC or JSC)
Parent operating history	1 year	5 years	None required
Licensing authority	Provincial Department of Industry and Trade or zone board; sector regulator in regulated fields	Ministry of Industry and Trade; sector regulator	Department of Finance (IRC and ERC)
Statutory licensing time	7 working days (longer with ministry consultation)	7 working days (longer with ministry consultation)	10 working days (IRC) + 3 working days (ERC)
Permitted activity	Liaison, research, promotion	Business in sectors opened to branches	Any permitted business line
Income in Vietnam	No	Yes	Yes
Liability	Parent	Parent	Limited to the company
Corporate income tax	None (PIT withholding only)	Yes	Yes
Licence term	Up to 5 years, renewable	Up to 5 years, renewable	Project term in the IRC; company indefinite
Annual reporting	Activity report before 30 January	Report before 30 January plus tax filings and audit	Audit, tax and investment reports

	Representative office	Branch	Subsidiary (LLC or JSC)
Typical official and set-up costs	Licence fee VND 3 million; work permit fee; translations; professional fees USD 1,000 to 3,000	Licence fee VND 3 million; sector fees; professional fees higher	See Setting up a company step by step

WORKED EXAMPLE

An Australian vocational-education provider testing the market

The provider wants to recruit Vietnamese students for its campuses in Australia, build agent relationships and assess whether to open a Vietnamese campus. Illustrative.

What an RO can do	Promote the Australian courses, attend education fairs, meet schools and agents, conduct market research, employ two Vietnamese staff and a chief representative, rent an office in Hanoi.
What it cannot do	Collect tuition or agent fees in Vietnam, sign agent agreements on the parent's behalf (unless the chief representative holds a specific power of attorney for each), run paid preparatory courses, or enrol students into a Vietnamese programme. Education is a regulated field: the RO licence comes from the education authorities under Decree No. 86/2018/ND-CP rather than from Industry and Trade.
Costs, year one	Licence fee VND 3 million; apostilles and translations about AUD 700; work permit fee VND 600,000; office lease; two staff plus the chief representative; professional fees about USD 2,000 for licensing and PIT registration.
Tax	No CIT or VAT. PIT withheld monthly on three salaries; social insurance for the two Vietnamese staff; annual PIT finalisation. Tuition paid by Vietnamese students directly to the Australian campus is not Vietnam-sourced income of the RO.
Month 18	The provider decides to open a Vietnamese campus. It forms a 100% foreign-owned LLC under Decree No. 86/2018/ND-CP (minimum capital for a vocational institution, IRC and ERC, establishment and operating licences from the education authorities), transfers the staff with their consent, assigns the lease, and closes the RO: tax finalisation, settlement of staff entitlements, return of the seal and licence, deregistration of the tax code, about ten weeks in parallel with the company set-up.

The RO licence cannot be converted into the company; the two processes run side by side so there is no gap in presence.

Annual report, renewal, amendment and closure

Both a representative office and a branch file an annual report on their activities with the licensing authority before 30 January each year, on the prescribed form, and report further on request. The licence is renewed on application at least 30 days before expiry, with updated parent documents and a report on the office's activities; amendments (chief representative, name, address, scope, parent's details) are registered within 60 working days of the change. Closure is voluntary at the parent's

decision, compulsory when the parent ceases to exist or the licence expires without renewal, and by revocation for operating outside the licensed scope or failing to report for two consecutive years. Closure requires settling tax (PIT finalisation and deregistration of the tax code), social insurance and employee entitlements, settling debts, returning the seal and the licence, and publishing the closure; the parent remains liable for the office's unsettled obligations. Two to three months is a realistic period.

Questions investors ask about representative offices and branches

What can a representative office do in Vietnam?

Act as a liaison office, conduct market research, promote the parent's business and investment opportunities, rent premises, employ staff and hold accounts for its expenses, under Article 18 of the Commercial Law. It may not earn income, issue invoices, import for sale or sign the parent's contracts without a specific power of attorney.

How long does it take to open a representative office in Vietnam?

The provincial Department of Industry and Trade issues the licence within seven working days of a complete dossier, longer where the Ministry of Industry and Trade must be consulted. With document legalisation, a lease and the post-licensing tax and seal steps, three to six weeks is typical.

Does a representative office pay tax in Vietnam?

No corporate income tax or VAT, because it has no revenue. It registers a tax code, withholds and remits personal income tax on its staff's salaries, pays compulsory insurance for its employees and files an annual activity report before 30 January.

Can a foreign company open a branch in Vietnam?

Only in the sectors Vietnam's treaty commitments open to branches, principally banking, insurance, securities and legal services, under a Ministry of Industry and Trade or sector-regulator licence, after five years of parent operation. The branch pays corporate income tax and the parent is directly liable.

Can a representative office be converted into a company in Vietnam?

No. The parent forms a Vietnamese company (IRC and ERC), transfers staff and the lease to it, and closes the representative office through tax finalisation, settlement of entitlements and return of the licence and seal, typically over two to three months run in parallel.

THE 2027 HORIZON

- The Ministry of Industry and Trade has signalled a replacement for Decree No. 07/2016/ND-CP to move representative office licensing fully online and to align the activity scope with the 2025 Law on Investment; the one-year and five-year operating-history requirements are expected to remain.
- Seal registration for representative offices with the police may be abolished in line with the enterprise regime.
- Vietnam's tax treaty practice on permanent establishments is being tightened in line with the OECD multilateral instrument, which Vietnam has signed; the line between liaison and a taxable presence will be drawn more strictly.

Terms you will meet in the documents

English	Vietnamese	Meaning
Representative office of a foreign trader	<i>Văn phòng đại diện của thương nhân nước ngoài</i>	The liaison presence under Decree No. 07/2016/ND-CP.
Branch of a foreign trader	<i>Chi nhánh của thương nhân nước ngoài</i>	The trading presence permitted in limited sectors.
Chief representative	<i>Trưởng văn phòng đại diện</i>	The individual who runs the office under the parent's power of attorney.
Head of branch	<i>Trưởng chi nhánh</i>	The individual who runs a branch.
Licence to establish a representative office	<i>Giấy phép thành lập văn phòng đại diện</i>	The licence issued by the Department of Industry and Trade.
Power of attorney	<i>Giấy ủy quyền</i>	The parent's authorisation; contract-specific where the chief representative signs.
Permanent establishment	<i>Cơ sở thường trú</i>	The tax concept that makes a foreign company's Vietnam-sourced income taxable.
Annual activity report	<i>Báo cáo hoạt động hàng năm</i>	The report due before 30 January.

FOREIGN V VIETNAMESE INVESTOR

Representative offices and branches of *foreign* traders are the subject of this section. A Vietnamese company opens domestic branches and representative offices simply by registering them with the business registration office; a domestic branch may trade and invoice under the parent's tax code or its own, and a domestic representative office may not earn income.

WATCH OUT FOR

- Letting the office quote prices, negotiate and close sales: a licence breach and a taxable permanent establishment of the parent.
- A chief representative signing contracts on a general power of attorney; the power must be specific to the contract.
- Missing the 30 January annual report; two consecutive years' failure is a ground for revocation.
- Assuming a branch is available in your sector: outside regulated services it usually is not.
- Hiring staff before the office's tax code and social insurance registration are in place.

OFFICIAL SOURCES

- National Legal Database (vbpl.vn): Commercial Law No. 36/2005/QH11, Articles 16 to 23; Decree No. 07/2016/ND-CP; Circular No. 11/2016/TT-BCT — <https://vbpl.vn>
- Ministry of Industry and Trade — <https://moit.gov.vn>
- Tax Department (tax registration for representative offices) — <https://gdt.gov.vn>

Compliance calendar after licensing: the filings, reports, payments and renewals a Vietnamese company must keep up, month by month

Reviewed 10 October 2026 · Prepared by a foreign investment lawyer (now retired) with 20 years' experience advising on Vietnamese investment law · Legal and tax information, not legal advice · [How we check](#) · [Open in the app](#)

WHAT YOU NEED TO KNOW

- Vietnam has no single annual return; compliance is a set of recurring filings with the tax authority, the business registration office, the investment registration authority, Vietnam Social Security, the labour authority, the State Bank and the Statistics Office.
- Foreign-invested companies must have annual financial statements audited and file them with the CIT finalisation by the last day of the third month after year end.
- Monthly VAT and PIT returns are due by the 20th; quarterly returns and provisional CIT by the last day of the month after the quarter; the four provisional payments must reach 80% of the final liability.
- Changes to registered details, including beneficial owners, must be notified within ten days; investment reports are due before the 10th after each quarter and by 31 March annually.
- Late filing fines run up to VND 25 million per return, late payment interest at 0.03% a day, and an expired licence is the most common compliance failure in a foreign-invested company.

How Vietnamese compliance is organised

There is no Companies House-style annual return. A Vietnamese company reports to several authorities on their own cycles: the tax authority (monthly, quarterly and annually), the business registration office (on each change), the investment registration authority (quarterly and annually, for companies with a project), Vietnam Social Security and the labour authority (monthly, half-yearly and annually), the State Bank (for foreign loans and the capital account), the Statistics Office (periodic statistical returns) and the sector regulators. Almost every filing is electronic and requires the company's digital signature, so the first compliance task is to keep the digital certificate and the portal accounts current and in the hands of someone who is in Vietnam. The second is a single calendar, owned by one person, that merges all the cycles; the table below is that calendar for a company with a calendar financial year.

The calendar, month by month (calendar financial year)

When	Filing or payment	Authority	Notes
Every month, by the 20th	VAT return and PIT withholding return for the previous month; payment	Tax authority	Monthly filers; quarterly filing allowed where prior-year revenue is up to VND 50 billion

When	Filing or payment	Authority	Notes
Every month, by the last day	Social, health and unemployment insurance contributions and the 2% trade union fee for the month	Vietnam Social Security; trade union	Employer about 21.5% and employee 10.5% of the insurance salary for Vietnamese staff; foreign staff join social and health insurance on contracts of 12 months or more
Within 10 days of a payment abroad	Foreign contractor tax declaration and payment	Tax authority	Where the Vietnamese payer withholds; treaty relief claimed by dossier
Within 10 days of any change	Amend registered details: name, address, capital, members or shareholders, legal representative, business lines, beneficial owners	Business registration office	Also adjust the IRC where the project's main contents change
10 January, 10 April, 10 July, 10 October	Quarterly investment report	Investment registration authority and Statistics Office (National Investment Information System)	Companies implementing an investment project
By 30 January	Provisional CIT for Q4; quarterly VAT and PIT for quarterly filers; representative office annual report (if any); State Bank quarterly report on registered foreign loans	Tax authority; Department of Industry and Trade; State Bank	
By 31 March	Audited financial statements; annual CIT finalisation; employer PIT finalisation; related-party transaction disclosures and transfer pricing declaration; annual investment report; statistical annual report	Tax authority; Statistics Office; business registration office; licensing authority	Audit compulsory for all foreign-invested companies
By 30 April	Provisional CIT for Q1; quarterly VAT and PIT for quarterly filers; individual PIT finalisation where the individual files; State Bank Q1 foreign loan report	Tax authority; State Bank	
By 5 June	Half-yearly report on changes in labour use	Provincial labour authority	Plus an initial labour declaration within 30 days of starting operations

When	Filing or payment	Authority	Notes
By 30 July	Provisional CIT for Q2; quarterly VAT and PIT for quarterly filers; State Bank Q2 foreign loan report	Tax authority; State Bank	Investment Support Fund applications for the previous year by 10 July where applicable
By 30 October	Provisional CIT for Q3; quarterly VAT and PIT for quarterly filers; State Bank Q3 foreign loan report	Tax authority; State Bank	The four provisional CIT payments must together reach at least 80% of the final liability
By 5 December	Half-yearly report on changes in labour use	Provincial labour authority	Annual occupational safety report and labour accident report also fall around year end
At least 7 working days before remitting profit	Notice of profit remittance	Tax authority	After the audit and the CIT finalisation; no accumulated losses
Before expiry	Renew sector licences, the trading business licence, work permits (up to 2 years), temporary residence cards, the RO licence (5 years), the land lease, the IRC term, the environmental permit, fire-safety certificates	Issuing authority	Diary each expiry date on licensing
Annually or as required	Environmental monitoring reports; data protection impact assessment and cross-border transfer dossier updates; e-invoice and digital certificate renewals; inventory of fixed assets	Environment authority; data protection authority; providers	Depends on activity

The audit and the annual financial statements

Every foreign-invested company must have its annual financial statements audited by an independent audit firm licensed in Vietnam, under Law No. 67/2011/QH12 on Independent Audit and its decrees, prepared under Vietnamese Accounting Standards and the enterprise accounting regime (Circular No. 200/2014/TT-BTC as amended), with IFRS permitted or required for some larger entities under the Ministry of Finance's roadmap, and file them within 90 days of the financial year end with the tax authority, the Statistics Office, the business registration office and, for companies with a project, the licensing authority. The audited accounts are the gateway to profit remittance: no audit, no dividend abroad. A company may adopt a financial year ending on the last day of a quarter other than December, registered with the tax authority, which moves the annual deadlines accordingly. Accounting records

and vouchers are kept for ten years, in Vietnamese (bilingual is acceptable in practice for internal documents), and the chief accountant, or an outsourced accounting firm, must hold the prescribed qualification.

Tax returns and payments in outline

Monthly VAT and PIT withholding returns are due by the 20th of the following month, or quarterly by the last day of the month after the quarter where prior-year revenue is up to VND 50 billion. Provisional CIT is paid quarterly by the 30th of the month after each quarter, without a return, and the four instalments must together reach at least 80% of the final liability or late-payment interest runs on the shortfall from the Q4 due date. The annual CIT finalisation, with the audited financial statements where required and the related-party disclosures, and the employer's PIT finalisation, are due by the last day of the third month after year end; individuals finalising their own PIT have until the end of the fourth month. Foreign contractor tax is declared within ten days of each payment, or monthly where the payer registers to do so. The annual business licence fee was abolished from 2026. Law No. 108/2025/QH15 on Tax Administration, effective 1 July 2026, kept these deadlines and the 0.03% daily late-payment interest; the full tax picture is in [Chapter 3](#).

Changes, licences and the ten-day rule

Any change to the information on the ERC, and to beneficial owners, must be registered or notified within ten days of the decision, through the National Business Registration Portal with electronic authentication. Changes to the project (capital, objectives, location, schedule, investor) require an IRC adjustment, which should be sequenced before the ERC change where both are needed, and a change of foreign ownership across a threshold requires Article 21 registration before either. Sector licences, the trading business licence, work permits, residence cards, the environmental permit and fire-safety certificates each have their own renewal lead times, and the most common compliance failure in a foreign-invested company is an expired licence that nobody diarised when the person who obtained it left. A licence register with expiry dates and lead times, reviewed quarterly, is the simplest control.

Labour, insurance and the State Bank

Labour reporting runs on its own cycle: an initial declaration of labour use within 30 days of starting operations, half-yearly reports on changes in labour use by 5 June and 5 December, registration of internal labour rules once the company has ten or more employees, work permit and exemption records, and annual occupational safety and accident reports. Vietnam Social Security requires registration on the first labour contract, monthly contributions by the last day of the month and notification of joiners, leavers and salary changes. Registered foreign loans are reported to the State Bank online on a quarterly basis and on each drawdown and repayment outside the registered schedule, and the investment capital account's bank reports the flows through it. The employment detail is in [Chapter 4](#) and the banking detail in [Chapter 6](#).

WORKED EXAMPLE

A compliance year for a foreign-owned LLC with 60 staff, two expatriates and a registered parent loan

Calendar financial year; monthly VAT filer; one IRC; one expatriate legal representative and one expatriate finance manager; USD 1.5 million registered shareholder loan; e-invoices; trading business licence for imports. Illustrative.

January	10th: Q4 investment report. 20th: December VAT and PIT. 30th: Q4 provisional CIT; State Bank Q4 loan report. Month end: insurance and union fee. Diary: work permits for both expatriates expire in March 2027; renewal applications due 45 days before.
February and March	20th: VAT and PIT. 31 March: audited accounts, CIT finalisation (incentivised and non-incentivised income accounted for separately), employer PIT finalisation, transfer pricing declaration for the parent's management fee and loan interest, annual investment report, statistical report. Decision on dividend: notice to the tax office seven working days before remittance in April.
April	10th: Q1 investment report. 20th: VAT and PIT. 30th: Q1 provisional CIT; individual PIT finalisations for the two expatriates (resident, worldwide income); State Bank Q1 loan report. Dividend remitted through the investment capital account.
May and June	20th: VAT and PIT. 5 June: labour change report. June: environmental monitoring report under the permit; data protection impact assessment reviewed after a new HR system is introduced.
July to September	10 July: Q2 investment report. 30 July: Q2 provisional CIT; loan report. August: new product line imported: the trading business licence covers it, but the IRC's objectives are checked and an adjustment filed before sales start. September: a new finance manager joins; the digital signature tokens are re-issued and portal access updated.
October to December	10 October: Q3 investment report. 30 October: Q3 provisional CIT (the three payments to date plus the Q4 estimate are tested against 80% of the forecast liability); loan report. 5 December: labour change report. December: fixed asset inventory; licence register reviewed; work permit renewals filed.
Throughout	Ten-day notifications: a change of registered address in May (with the lease, the tax office and the bank updated), and a change of beneficial owner in October when the parent is acquired. Foreign contractor tax on each payment of the parent's management fee within ten days.

The two items most often missed in a year like this are the Q4 provisional CIT shortfall against the 80% test and the IRC adjustment for the new product line.

Penalties and consequences

Late tax filing is fined by reference to the delay under Decree No. 125/2020/ND-CP as amended by Decree No. 310/2025/ND-CP, up to VND 25 million per return, and late payment attracts interest of 0.03% a day; an understatement attracts a 20% penalty on the shortfall. Late business registration notifications attract modest fines but leave a record. Missing investment reports attract fines under the

planning and investment penalty decree, and persistent failure weighs against the company in later applications. Late social insurance contributions attract interest at a penal rate under the Law on Social Insurance and, above thresholds, criminal liability for evasion. Operating on an expired licence can mean suspension of the activity and, for a foreign-invested trader, an inability to clear imports. A compliance calendar is cheap insurance against all of these.

Records to keep at the head office

- ☐ **Charter and all amendments; ERC and IRC with all adjustments; all licences and permits**
With the licence register of expiry dates.
- ☐ **Register of members or shareholders; beneficial ownership list and supporting group chart**
Updated on each change.
- ☐ **Minutes and resolutions of the owner, members' council, board and general meeting; internal delegation of authority; powers of attorney**
Including related-party approvals.
- ☐ **Accounting books, vouchers and audited financial statements**
Ten years; Vietnamese language; e-invoices archived.
- ☐ **Tax returns, finalisations, transfer pricing file (local file and master file where required) and tax office correspondence**
Ten years for assessment purposes.
- ☐ **Bank advices for every capital contribution, share transfer payment, dividend and loan flow through the investment capital account; State Bank loan registration and reports**
For the life of the investment.
- ☐ **Labour contracts, payroll, insurance records, work permits, internal labour rules, labour reports**
Per the labour and insurance laws.
- ☐ **Land lease, environmental permit and monitoring reports, fire-safety certificates**
Per the sector laws.
- ☐ **Digital certificates, portal credentials and the names of their holders**
Controlled and transferred on staff changes.

Questions investors ask about compliance

What annual filings does a company in Vietnam have to make?

There is no single annual return. A foreign-invested company files audited financial statements, the annual CIT finalisation, the employer PIT finalisation and related-party disclosures by the last day of the third month after year end, an annual investment report by 31 March, statistical reports, and labour reports, alongside monthly or quarterly tax returns, insurance contributions, quarterly investment reports and ten-day change notifications.

When are tax returns due in Vietnam?

Monthly VAT and PIT withholding returns by the 20th of the following month, or quarterly by the last day of the month after the quarter for companies with prior-year revenue up to VND 50 billion; provisional CIT quarterly by the 30th of the month after the quarter; the annual CIT finalisation by the last day of the third month after year end; foreign contractor tax within ten days of payment.

Is an audit compulsory for foreign-owned companies in Vietnam?

Yes. Every foreign-invested company must have its annual financial statements audited by an audit firm licensed in Vietnam and filed within 90 days of year end. The audited accounts are also a precondition for remitting profits abroad.

What are the penalties for late tax filing in Vietnam?

Fines by reference to the delay, up to VND 25 million per return, under Decree No. 125/2020/ND-CP as amended by Decree No. 310/2025/ND-CP; late-payment interest of 0.03% a day; and a 20% penalty on understated tax. Tax evasion is fined at one to three times the tax evaded.

How quickly must a Vietnamese company report a change of director or shareholder?

Within ten days of the decision, to the business registration office through the National Business Registration Portal, including changes of legal representative, members or shareholders, charter capital, business lines, address and beneficial owners. A change of foreign ownership across a threshold needs Article 21 registration first.

THE 2027 HORIZON

- The tax authority's electronic systems are being integrated with the business registration, investment and social insurance systems; expect pre-filled returns and automatic cross-checks from 2027, and a shorter path from inconsistency to inspection.
- IFRS adoption under the Ministry of Finance's roadmap moves from voluntary to compulsory for defined categories of large and listed entities; foreign-invested subsidiaries of IFRS groups should plan the dual reporting.
- A consolidated decree on administrative penalties across registration, investment and tax is under discussion; fine levels are expected to rise.

Terms you will meet in the documents

English	Vietnamese	Meaning
Tax finalisation	<i>Quyết toán thuế</i>	The annual CIT or PIT return reconciling the year.
Provisional tax payment	<i>Tạm nộp thuế</i>	The quarterly CIT instalments.
Audited financial statements	<i>Báo cáo tài chính đã được kiểm toán</i>	Compulsory for foreign-invested companies.
Vietnamese Accounting Standards	<i>Chuẩn mực kế toán Việt Nam (VAS)</i>	The national accounting standards; IFRS by roadmap.
Chief accountant	<i>Kế toán trưởng</i>	The qualified officer responsible for the books.
Labour use report	<i>Báo cáo tình hình sử dụng lao động</i>	The half-yearly report to the labour authority.
Social insurance	<i>Bảo hiểm xã hội</i>	The compulsory insurance regime administered by Vietnam Social Security.
Trade union fee	<i>Kinh phí công đoàn</i>	The 2% employer contribution.
Late-payment interest	<i>Tiền chậm nộp</i>	0.03% a day on unpaid tax.
Digital certificate	<i>Chứng thư số</i>	The certificate behind the company's digital signature.

FOREIGN V VIETNAMESE INVESTOR

A domestic company follows the same tax, labour, insurance and registration calendar. The foreign-specific items are the compulsory audit, the investment reports (for any company with a project), the foreign contractor tax on payments to the parent, the State Bank reporting on foreign loans and the capital account, the transfer pricing file for intra-group dealings, and the profit remittance notice.

WATCH OUT FOR

- A single digital signature token held by someone who has left the country.
- Missing the ten-day change notification; penalties are modest but the record follows the company.
- Provisional CIT instalments that fall below 80% of the final liability: late-payment interest runs on the shortfall.
- Expired work permits and residence cards for the legal representative and expatriate managers.
- The quarterly investment report falls before the 10th, earlier than any tax deadline in the same month.

OFFICIAL SOURCES

- Tax Department (filing deadlines, electronic tax) — <https://gdt.gov.vn>
- Vietnam Social Security — <https://baohiemxahoi.gov.vn>
- National Business Registration Portal — <https://dangkykinhdoanh.gov.vn>
- State Bank of Vietnam (foreign loan registration and reporting) — <https://www.sbv.gov.vn>
- National Legal Database (vbpl.vn): Law No. 108/2025/QH15 on Tax Administration; Decree No. 125/2020/ND-CP as amended; Decree No. 96/2026/ND-CP; Law No. 67/2011/QH12 on Independent Audit — <https://vbpl.vn>

Commercial contracts in Vietnam: the Civil Code and the Commercial Law, formation and authority, the 8% penalty cap, damages and interest, limitation, governing law, currency, language, electronic signatures and dispute clauses

Reviewed 10 October 2026 · Prepared by a foreign investment lawyer (now retired) with 20 years' experience advising on Vietnamese investment law · Legal and tax information, not legal advice · [How we check](#) · [Open in the app](#)

WHAT YOU NEED TO KNOW

- Contracts between businesses are governed by the Civil Code (Law No. 91/2015/QH13) and, for commercial activities, the Commercial Law (No. 36/2005/QH11), which prevails where the two differ; sector laws add rules for particular contracts.
- A penalty for breach is enforceable only if agreed and is capped at 8% of the value of the breached obligation (Article 301 of the Commercial Law); damages are recoverable in addition only if the contract provides for a penalty (Article 307).
- The limitation period for commercial disputes is two years from the infringement (Article 319); three years for civil contract claims (Article 429 of the Civil Code).
- Contracts with a foreign element may choose foreign law, subject to mandatory rules; contracts between residents inside Vietnam are priced and paid in dong; documents filed with authorities must be in Vietnamese.
- Electronic contracts and digital signatures are valid under Law No. 20/2023/QH15 and Decree No. 23/2025/ND-CP; land transactions still need notarisation.

The two statutes and the sector overlays

Vietnam is a civil-law system. The **Civil Code** (Law No. 91/2015/QH13, in force since 1 January 2017) sets the general law of obligations and contracts: capacity, formation, validity and invalidity, interpretation, performance, breach, remedies, security and limitation. The **Commercial Law** (No. 36/2005/QH11, as amended) layers specific rules for *commercial activities*, meaning activities for profit by traders including the sale of goods, provision of services, agency, brokerage, commission, franchising, auction and bidding, and it prevails over the Civil Code where the two differ; where the Commercial Law is silent the Civil Code applies. Sector laws then govern particular contracts: construction (the Law on Construction and its decrees on contracts), insurance, credit, real estate, labour, technology transfer, intellectual property licensing and consumer sales among them. A foreign-invested company trading in Vietnam is a Vietnamese trader, and its contracts with Vietnamese counterparties are governed by these rules; its contracts with foreign counterparties may be governed by foreign law within the limits below.

Formation, form and authority

A contract is formed by offer and acceptance and may be oral, written or by conduct unless the law requires a form. Many commercial contracts must be in writing, and data messages, e-mail and electronic contracts count as writing under Law No. 20/2023/QH15 on Electronic Transactions. Some contracts must be notarised or registered to be valid or to bind third parties: transfers, leases, mortgages and capital contributions of land use rights and houses, and certain security interests ([Chapter 5](#); [Chapter 9](#)). The person signing must have authority: for a company that means the legal representative recorded on the ERC or a person holding a written authorisation from him or her, and Vietnamese counterparties routinely ask for the ERC and the authorisation and check the Portal. A contract signed by a person without authority binds the company only if it ratifies it or has allowed the signatory to appear authorised (Civil Code, Article 142). Company seals are no longer registered and a seal is not a condition of validity, but Vietnamese counterparties, banks and authorities still expect one on contracts and filings, and a prudent counterparty obtains both signature and seal.

Penalties, damages and interest

Under **Article 301** of the Commercial Law a penalty for breach (phạt vi phạm) is enforceable only if the parties agreed it, and is capped at **8% of the value of the breached contractual obligation**, not of the whole contract, save for a penalty against a wrongly issued inspection certificate; any excess is unenforceable and the court or tribunal reduces it to 8%. **Damages** under Articles 302 to 305 cover the actual and direct loss suffered and the direct profit the injured party would have earned but for the breach; the claimant must prove the breach, the loss and causation and must mitigate. Under **Article 307**, if the contract provides for a penalty the injured party may claim both the penalty and damages; if it does not, damages alone are available. **Interest** on late payment under Article 306 is the average overdue lending rate in the market at the time of payment, unless otherwise agreed (the courts apply the average of the overdue rates of three major commercial banks); for loan contracts the Civil Code caps agreed interest at 20% a year (Article 468). Liquidated-damages clauses drafted on common-law lines are read through these provisions: a clause that fixes a sum payable on breach is a penalty subject to the 8% cap unless it is a genuine pre-estimate of loss framed as damages, and even then the claimant must prove loss. The standard drafting response is to cap the penalty at 8% of the breached obligation, to state expressly that damages are recoverable in addition, and to agree a late-payment interest rate.

Limitation periods and notification of defects

The limitation period for commercial disputes is **two years** from the date the lawful rights and interests were infringed (Article 319 of the Commercial Law); the Civil Code gives **three years** for other contract claims, from the date the claimant knew or should have known of the infringement (Article 429), and two years for tort. Time limits for complaints about goods are shorter (three months from delivery for complaints about quantity, six months for complaints about quality or three months after the end of any warranty period, and nine months for other complaints, unless otherwise agreed, under Article 318), and arbitration and court rules apply the same periods. An acknowledgement of the debt by the obligor, part performance or a written request to perform restarts the period under the Civil Code. A claims diary is a necessity in a long-running supply relationship: two years passes quickly.

Governing law and dispute resolution

Where a contract has a *foreign element* (a foreign party, performance abroad, or a foreign-invested party in the cases the Law on Investment allows), the parties may choose a foreign governing law under Article 683 of the Civil Code, subject to Vietnam's mandatory rules and fundamental principles; contracts concerning real estate in Vietnam are governed by Vietnamese law, labour and consumer contracts cannot deprive the weaker party of Vietnamese protections, and the chosen law applies only if its content can be proved to the tribunal. Under Article 13 of the Law on Investment, disputes between investors where at least one is a foreign investor or a company more than 50% foreign-owned may go to foreign or international arbitration; purely domestic disputes stay in Vietnamese arbitration or courts and are decided under Vietnamese law. Foreign arbitral awards are enforceable under the New York Convention; foreign court judgments only under a treaty or on reciprocity, which is why a well-drafted arbitration clause naming an institution (VIAC in Hanoi or Ho Chi Minh City, SIAC, HKIAC or ICC), a seat, a language and the number of arbitrators is the usual choice for cross-border contracts, while contracts between two Vietnamese companies commonly choose VIAC or the competent people's court ([Chapter 9](#)). An arbitration clause must be in writing and the dispute must be arbitrable; a defective clause sends the dispute to the courts.

Currency and language

Within Vietnam, under the Ordinance on Foreign Exchange and the State Bank's regulations, quotations, prices, advertisements and payments between residents must be in Vietnamese dong, with limited exceptions the State Bank permits (for example certain payments to and by export processing enterprises, payments under approved contracts and some transactions with non-residents); a contract between two Vietnamese companies priced in US dollars risks having its price clause declared void and attracts administrative penalties, although the courts have in some cases upheld dong-equivalent payment mechanisms. Contracts with a foreign party may be in foreign currency and are paid through the banks against documents ([Chapter 6](#)). There is no general rule requiring contracts to be in Vietnamese, but documents filed with the authorities, notarised documents and labour contracts must be in Vietnamese, and a bilingual contract should state which text prevails; in a Vietnamese court or arbitration the Vietnamese translation will be used and translation disputes are common, so the Vietnamese text deserves the same care as the English.

Electronic signatures and online contracts

Law No. 20/2023/QH15 on Electronic Transactions, in force since 1 July 2024, gives data messages and electronic contracts legal effect, treats an electronic signature as satisfying a signature requirement, and no longer excludes whole areas such as land use certificates as the 2005 law did. Decree No. 23/2025/ND-CP, effective 10 April 2025, regulates digital signatures and trust services: a secure digital signature backed by a certificate from a licensed Vietnamese provider carries the strongest evidential weight, and foreign electronic signatures and certificates are recognised if they meet Vietnamese or recognised international standards or are recognised under a treaty. Whether a particular document may be signed electronically still depends on the sector law, and transactions that need notarisation or

registration still need those steps; electronic notarisation is being introduced under the Law on Notarisation 2024. E-commerce businesses must also comply with the e-commerce decree, data protection, consumer protection and tax rules ([Chapter 7](#)).

Distribution, agency, franchising and technology

The Commercial Law regulates agency, brokerage, commission, franchising and the sale of goods with specific rules. A commercial agency contract may be terminated on 60 days' notice unless otherwise agreed, and an agent terminated without cause is entitled to compensation of one month's average commission per year of agency (Article 177). Franchising requires the franchisor's system to have operated for at least one year and, for a foreign franchisor franchising into Vietnam, registration with the Ministry of Industry and Trade under Decree No. 35/2006/ND-CP as amended. Exclusive distribution, resale price maintenance and territorial restrictions must clear Law No. 23/2018/QH14 on Competition. Technology transfer contracts are governed by the Law on Technology Transfer 2017 and must be registered with the science and technology authority where technology is transferred from abroad into Vietnam, for the royalties to be deductible and remittable; intellectual property licences are governed by the IP Law and benefit from recordal at the IP Office ([Chapter 7](#)). Consumer sales are subject to Law No. 19/2023/QH15 on Protection of Consumer Rights, including the controls on standard-form contracts in listed sectors.

Key contract rules

Issue	Rule	Source
Penalty for breach	Only if agreed; capped at 8% of the breached obligation	Commercial Law, Article 301
Damages	Actual, direct loss plus lost direct profit; prove and mitigate	Commercial Law, Articles 302 to 305
Penalty and damages together	Only if the contract provides for a penalty	Commercial Law, Article 307
Late-payment interest	Average overdue lending rate unless agreed	Commercial Law, Article 306
Interest on loans	Agreed rate capped at 20% a year	Civil Code, Article 468
Limitation	2 years (commercial); 3 years (civil contracts)	Commercial Law, Article 319; Civil Code, Article 429
Complaints about goods	3 months (quantity), 6 months (quality), 9 months (other) unless agreed	Commercial Law, Article 318
Governing law	Foreign law may be chosen where there is a foreign element; Vietnamese law for real estate in Vietnam	Civil Code, Article 683; Law on Investment, Article 13
Currency	Dong for transactions between residents in Vietnam, with State Bank exceptions	Ordinance on Foreign Exchange; State Bank regulations

Issue	Rule	Source
Electronic contracts	Valid; secure digital signatures preferred	Law No. 20/2023/QH15; Decree No. 23/2025/ND-CP
Agency termination	60 days' notice; compensation of one month's commission per year	Commercial Law, Article 177
Franchising	One year of operation; foreign franchisor registers with MOIT	Decree No. 35/2006/ND-CP as amended

Drafting checklist for a Vietnamese commercial contract

- ☐ **Parties and authority**
Full registered names, enterprise codes and addresses; the legal representative or an authorised signatory with the authorisation attached; seal on execution.
- ☐ **Language and prevailing text**
Bilingual with a prevailing-language clause; a Vietnamese text of equal quality.
- ☐ **Price and currency**
Dong between residents; foreign currency only where the State Bank rules allow; VAT treatment stated.
- ☐ **Penalty clause**
Expressly agreed, capped at 8% of the value of the breached obligation, with an express statement that damages are recoverable in addition.
- ☐ **Damages and limitation of liability**
Caps and exclusions are enforceable within the Civil Code's limits; exclusion of liability for intentional breach or personal injury is not.
- ☐ **Late-payment interest**
An agreed rate, to avoid the market-average default.
- ☐ **Force majeure and hardship**
Defined events, notice and mitigation; the Civil Code recognises hardship renegotiation (Article 420).
- ☐ **Termination**
Grounds, notice periods and consequences; statutory minimum notice for agency.
- ☐ **Governing law**
Foreign law only where a foreign element exists; otherwise Vietnamese law.
- ☐ **Dispute resolution**
Institution, seat, rules, language and number of arbitrators; or the competent court; mediation step consistent with Article 13 of the Law on Investment where relevant.

☐ **Notices and electronic execution**

Addresses, e-mail service, and whether digital signatures are accepted.

☐ **Regulatory overlays**

Competition clearance for exclusivity, technology transfer registration, franchising registration, data protection, consumer standard-form rules.

WORKED EXAMPLE

A three-year supply contract between a foreign-owned Vietnamese manufacturer and a Vietnamese distributor

The manufacturer (a 100% foreign-owned LLC) will supply the distributor with equipment worth about VND 60 billion a year. Illustrative.

Parties and law	Both are Vietnamese companies; the manufacturer is above 50% foreign-owned, so under Article 13 of the Law on Investment the parties may choose foreign arbitration, but the contract is performed wholly in Vietnam and they choose Vietnamese law and VIAC arbitration in Ho Chi Minh City, three arbitrators, Vietnamese language with an English translation.
Currency	Prices in dong, adjusted annually by a published index; a US-dollar price would risk a void price clause between residents.
Penalty and damages	The first draft provided liquidated damages of 15% of the annual contract value for late delivery. Redrafted: a penalty of 0.5% of the value of the late consignment per week capped at 8% of that consignment's value, plus an express right to damages for proven loss, plus late-payment interest at 12% a year on overdue invoices (above the market average, within the 20% loan cap by analogy and commonly upheld).
Exclusivity	The distributor's exclusivity for the north of Vietnam and the minimum purchase commitment are checked against the Competition Law; with combined market shares under 30% and no resale price maintenance, no clearance is needed.
Limitation and defects	Defect notification extended by agreement to 12 months for latent defects; the two-year limitation period is diarised from each delivery.
Execution	Signed by both legal representatives (the manufacturer's under a board approval because the contract exceeds the director's internal delegation), sealed, and executed in two originals plus a digitally signed PDF under Decree No. 23/2025/ND-CP.

Had the distributor been a foreign company, the price could have been in US dollars, foreign law could have governed, and foreign contractor tax would have applied to any services element; the 8% penalty cap would still have applied if Vietnamese law governed.

Questions investors ask about contracts

Is a penalty clause enforceable in Vietnam?

Only if the contract expressly provides for it, and only up to 8% of the value of the breached contractual obligation under Article 301 of the Commercial Law; the excess is unenforceable. Damages may be claimed in addition only if the contract provides for a penalty (Article 307).

What is the limitation period for a commercial claim in Vietnam?

Two years from the date the rights were infringed under Article 319 of the Commercial Law; three years for civil contract claims under Article 429 of the Civil Code. Acknowledgement of the debt or part performance restarts the period.

Can a contract in Vietnam be governed by English or Singapore law?

If it has a foreign element (a foreign party, performance abroad, or a foreign-invested party in the cases the Law on Investment allows), the parties may choose foreign law under Article 683 of the Civil Code, subject to Vietnamese mandatory rules; contracts concerning real estate in Vietnam, labour and consumer contracts are exceptions. A contract between two Vietnamese companies with no foreign element is governed by Vietnamese law.

Can a contract in Vietnam be priced in US dollars?

Between a Vietnamese resident and a foreign party, yes. Between two residents inside Vietnam, prices and payments must be in dong under the foreign exchange rules, with limited State Bank exceptions; a dollar price clause risks being void and attracts penalties.

Are electronic signatures valid in Vietnam?

Yes. Law No. 20/2023/QH15 gives electronic contracts and signatures legal effect, and Decree No. 23/2025/ND-CP regulates digital signatures; a secure digital signature from a licensed Vietnamese provider carries the strongest weight and foreign signatures are recognised if they meet recognised standards. Transactions requiring notarisation or registration, such as land transfers, still need those steps.

THE 2027 HORIZON

- A comprehensive amendment to the Commercial Law 2005 is on the National Assembly's programme; the 8% penalty cap, the agency rules and the limitation period are among the provisions under review.
- Electronic notarisation under the Law on Notarisation 2024 is being rolled out, which will allow more property-related documents to be executed remotely.
- The State Bank is reviewing the foreign exchange ordinance's currency-of-contract rules for the Vietnam International Financial Centre, where foreign-currency contracting between members is expected to be permitted.

Terms you will meet in the documents

English	Vietnamese	Meaning
Civil Code	<i>Bộ luật Dân sự</i>	Law No. 91/2015/QH13, the general law of contracts.
Commercial Law	<i>Luật Thương mại</i>	Law No. 36/2005/QH11, the law of commercial contracts.
Penalty for breach	<i>Phạt vi phạm</i>	The agreed sum payable on breach, capped at 8%.
Compensation for damage	<i>Bồi thường thiệt hại</i>	Damages for actual and direct loss.
Late-payment interest	<i>Lãi chậm trả</i>	Interest on overdue sums.
Limitation period	<i>Thời hiệu khởi kiện</i>	The period within which a claim must be brought.
Force majeure	<i>Sự kiện bất khả kháng</i>	An objective, unforeseeable, unavoidable event excusing performance.
Notarisation	<i>Công chứng</i>	Certification by a notary office, required for land and housing transactions.
Electronic contract; digital signature	<i>Hợp đồng điện tử; chữ ký số</i>	Valid under Law No. 20/2023/QH15 and Decree No. 23/2025/ND-CP.
Commercial arbitration	<i>Trọng tài thương mại</i>	Arbitration under Law No. 54/2010/QH12, for example at VIAC.

FOREIGN V VIETNAMESE INVESTOR

Contract law is the same for all traders. The differences arise from the foreign element: a foreign-invested company (above 50%) may agree foreign governing law and foreign arbitration with its counterparties where the Law on Investment allows, and may contract in foreign currency with foreign parties; two Vietnamese companies with no foreign element contract in dong under Vietnamese law and resolve disputes in Vietnam.

WATCH OUT FOR

- Liquidated damages above 8% of the breached obligation: the excess is unenforceable.
- Omitting an express penalty clause and then expecting both penalty and damages.
- Pricing a domestic contract in US dollars.
- A signatory without written authority from the legal representative, or a contract above the director's internal delegation signed without the required approval.
- Missing the two-year limitation period, or the three-, six- and nine-month complaint windows under Article 318, for a commercial claim.

OFFICIAL SOURCES

- National Legal Database (vbpl.vn): Civil Code No. 91/2015/QH13; Commercial Law No. 36/2005/QH11; Law No. 20/2023/QH15 on Electronic Transactions; Decree No. 23/2025/ND-CP; Law No. 54/2010/QH12 on Commercial Arbitration — <https://vbpl.vn>
- Vietnam International Arbitration Centre (model arbitration clause and rules) — <https://www.viac.vn>
- State Bank of Vietnam (foreign exchange rules on pricing and payment) — <https://www.sbv.gov.vn>
- Ministry of Industry and Trade (franchising registration; competition) — <https://moit.gov.vn>