Vietnam 2026 Outlook

A Defining Moment for Growth



KPMG in Vietnam

Abbreviations

AI	Artificial Intelligence
ASEAN	Association of Southeast Asian Nations
B2C	Business-to-consumer
BEPS	Base Erosion And Profit Shifting
BLT	Business License Tax
BRO	Business Registration Office
C/O	Certificates of Origin
CAGR	Compound Annual Growth Rate
CBAM	Carbon Border Adjustment Mechanism
CIT	Corporate Income Tax
COR	Certificate Of Operation Registration
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
DICA	Direct Investment Capital Account
DPI	Department Of Planning And Investment
DTA	Double Tax Agreement
DTI	Digital Transformation Index
EPZ	Export Processing Zone
ERC	Enterprise Registration Certificate
ESG	Environment, Social and Governance
ETR	Effective Tax Rate
EVFTA	European Union-Vietnam Free Trade Agreement
EZ	Economic Zone
FAs	Fixed Assets
FCT	Foreign Contractor Tax
FDI	Foreign Direct Investment
FED	Federal Reserve System
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GII	Global Innovation Index
GMT	Global Minimum Tax
GRDP	Gross Regional Domestic Product
GTCI	Global Talent Competitiveness Index
HCMC	Ho Chi Minh City
HR	Human Resource
IED	Import and Export Duties
IFRS	International Financial Reporting Standards
IICA	Investment Capital Account
IP	Industrial Park
IRC	Investment Registration Certificate
JSC	Joint Stock Company
KER	Key Economic Region
LLC	Limited Liability Company
M&A	Mergers & Acquisitions
MIC	Ministry of Information and Communications
MLI	Multilateral Instrument
MNE	Multinational Enterprise
MOF	Ministry of Finance
MoIT	Ministry of Industry and Trade
NSO	National Statistics Office of Vietnam
p/a	per annum
PDP8	Power Development Plan VIII
PDPD	Personal Data Protection Decree
PIT	Personal Income Tax
PPP	Public-Private Partnership
PSRD	Program on Socioeconomic Recovery and Development
R&D	Research & Development
RO	Representative Office
SBV	State Bank of Vietnam
SI	Supporting Industry
SST	Special Sales Tax
UKVFTA	Vietnam-UK Free Trade Agreement
VAS	Vietnamese Accounting System
VAT	Value Added Tax
WTO	World Trade Organization

Contents



01 Foreword

Page 04



02 Vietnam macro-economic update

Page 06



03 Unveiling sectoral potential

Page 27



04 Investment environment in Vietnam

Page 53



05 Supplements

Page 75

Page 16
KPMG Service – Deal Advisory

Page 77
KPMG Service – Market Entry Group

Acknowledgements

This comprehensive report aims to spotlight Vietnam's evolving business landscape, highlighting emerging opportunities for new investors exploring market entry, as well as for established businesses seeking to expand or diversify their operations in the country.

The report was developed by a dedicated team from **KPMG in Vietnam's Markets Group**, including **Tran Thanh Tam, Pham Phuong Thao, Do Kieu Trinh, Tran Trung Nguyen, Nguyen Hoang Khang,** and **Tran Mai Anh.**

We extend our sincere thanks to **Richard Stapley-Oh, Tran Thi Thanh Minh, Luu Thi Phuong Chi, Lai Thuy Linh, Le Thai Huong, Nguyen Ngoc Thai, Dinh Thi Vien, Pham Thi Hoang Anh, Nguyen Thuy Duong, Dang Duc Giang**, and **Nguyen Nhat Linh** from KPMG in Vietnam for their invaluable peer review and insights.

We are especially grateful to the **business leaders and organizations** who generously shared their perspectives and experiences, helping shape the practical relevance of this publication. Your input has enriched our analysis and ensured the report reflects the realities and aspirations of Vietnam's vibrant business community.

Executive summary

2025 is not just another year for Vietnam, it is a turning point. Amid global uncertainties and shifting trade dynamics, Vietnam is demonstrating remarkable resilience and agility. The reintroduction of U.S. tariffs has prompted a recalibration of global supply chains, and Vietnam is emerging as a strategic beneficiary. But what makes this moment truly transformative is the convergence of bold domestic reforms and visionary planning.

Vietnam is undergoing a significant administrative reform as the Communist Party prepares for its next Party Congress. At the same time, the government is advancing key initiatives that will shape the country's economic future.

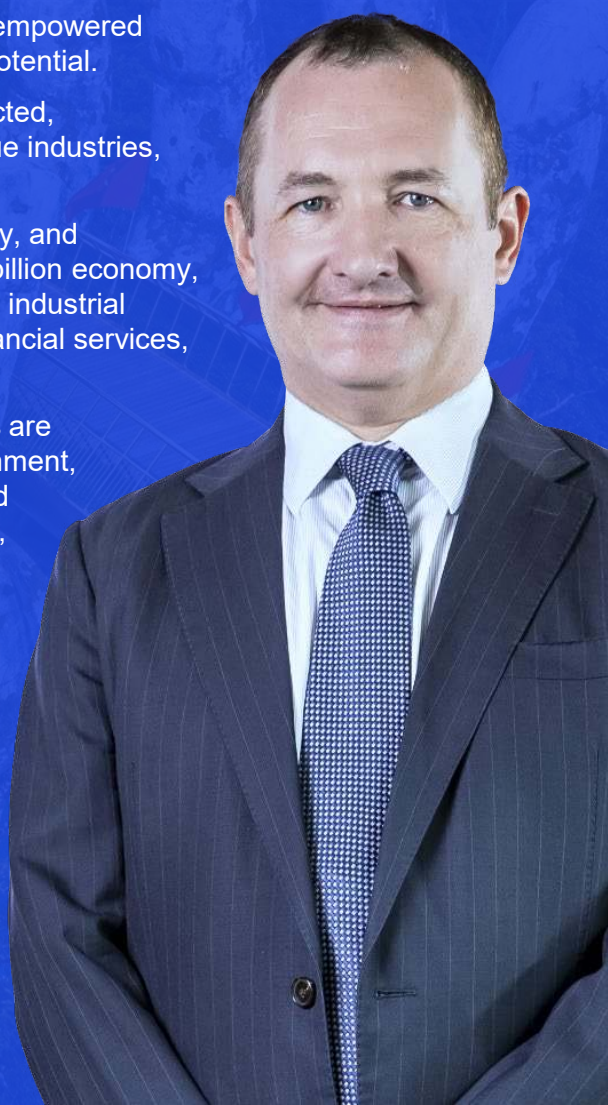
Resolution 68 and the launch of the **International Financial Center (IFC)** initiative reflect Vietnam's ambition to become a regional financial hub. The revised **Power Development Plan VIII (PDP8)** sets aggressive renewable energy targets, aligned with global sustainability commitments. The **National Semiconductor Industry Master Plan** lays the foundation for Vietnam to become a player in the global chip ecosystem.

And perhaps most importantly, the private sector is being empowered like never before, with reforms designed to unlock its full potential.

These developments are not isolated, they are interconnected, and they are accelerating Vietnam's pivot toward high-value industries, digital transformation, and inclusive growth.

For investors, the message is clear: Vietnam is open, ready, and moving fast. With GDP growth targeted at 8%, a US$476 billion economy, and a young, tech-savvy workforce, the opportunities span industrial manufacturing, digital economy, energy, infrastructure, financial services, and consumer markets.

At KPMG, we are proud to support this journey. Our teams are deeply embedded in the market, working alongside government, business leaders, and investors to navigate complexity and unlock value. This report is our invitation to you, to explore, engage, and invest in Vietnam's future.



Warrick Cleine MBE
Chairman and CEO
KPMG in Vietnam and Cambodia



02

Vietnam macro-economic update

Country Overview

Macroeconomic indicators

Population	Real GDP	Real GDP growth	GDP per capita	GDP by sector	Inflation
100.9 million	US$476.3 billion	7.09% (2024) 6.5% (2025F)	US$4,700	Services 42.4% Industry 37.6% Agriculture 11.9%	3.63% (2024) 3.4% (2025F)

All values are estimates for 2024, unless specified otherwise.

FDI and M&A

Total FDI	Projects licensed	Key sectors	Key countries	M&A value
US$38.23 billion (▲ 4.5%)	3,375 (▲ 1.8%)	Industrial manufacturing, Real estate, Energy	Singapore (31.7%) South Korea (14.6%) China (14.4%)	US$3.5 billion (▼ 22.0%)

All values are actuals for 2024, unless specified otherwise.
Growth rates have been highlighted with respect to values for 2023.

Territory attractiveness

17 Free Trade Agreements	34 seaports	22 airports	US$25.6 billion FDI in manufacturing	17.4 million workforce in industrial and construction

All values are actuals for 2024, unless specified otherwise.

Source: Economist Intelligence Unit (EIU); Foreign Investment Agency; Capital IQ, VIR, KPMG Analysis; WTO and International Trade Center; General Statistics Office of Vietnam; Ministry of Transport

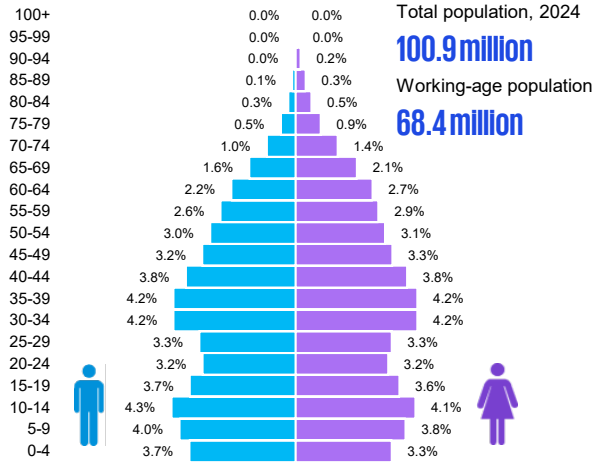
Legend: F – Forecasts

Labor force remains a competitive advantage

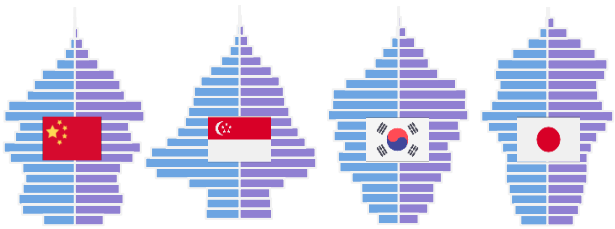
Vietnam's growing working population will boost competition for jobs while keeping labor costs low. Its young workforce will contribute greatly to the growth of the economy in many ways, from absorbing technology to creating wealth.

1. GOLDEN POPULATION

Vietnam benefits from a "golden population structure," where 67.8% of the population is of working age. This presents Vietnam with a distinctive socio-economic development opportunity to leverage its youthful labor force and drive economic growth.



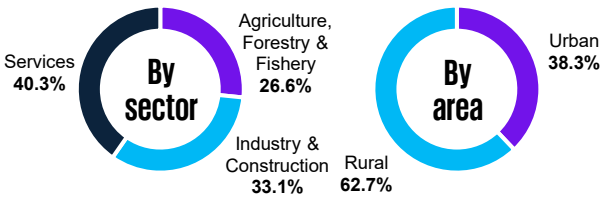
Population pyramid in selected Asian countries, 2024



The Asian region has witnessed swift and substantial changes in population demographics. Countries with a significant aging population are grappling with demographic transitions, with the working-age population projected to decline by 10% by 2060, particularly in Japan. In contrast, Vietnam enjoys a "golden population," where the working-age segment is expanding more rapidly than the consumer base, resulting in a parallel rise in income per capita – a phenomenon known as the demographic dividend.

Source: populationpyramid.net, Ministry of Health, EIU

Labor distribution – 51.9 million employed labor, 2024

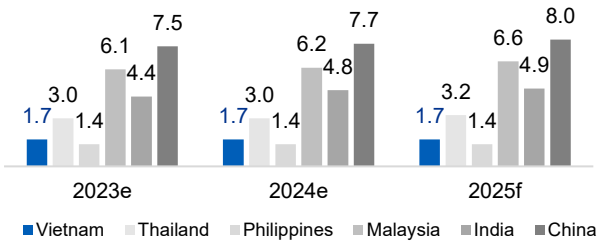


Source: NSO, populationpyramid.net, Ministry of Health, EIU

2. COMPETITIVE WORKFORCE

Moreover, Vietnam offers a labor market characterized by relatively low wages and a trainable workforce.

Relatively low hourly wage (US$)



Source: EIU

Skilled and adaptable workforce

For foreign investors seeking a dynamic and skilled workforce, Vietnam is an increasingly attractive destination.

The nation's rapid economic development and industrialization have fueled a strong emphasis on continuous learning and skills development among Vietnamese workers.

Achievements in 2024:

28.3% is the rate of trained workers with degrees and certificates, an increase of 1.1 percentage points year-on-year.

5.4% reduction in the proportion of working-age population that lacks training in modern jobs' skills compared to five years ago.

Source: NSO

Supportive legislations

The **draft PIT law**, scheduled for submission to the National Assembly in October 2025, introduces tax exemptions and reductions for foreign experts, scientists, and skilled labor.

These changes reduce costs for foreign companies and promote investment in high-tech, green, and creative sectors by easing the tax burden on key personnel and income on from innovation and sustainable projects.

3. PRODUCTIVITY INDEX

Labor productivity is projected to grow **> 6.5%** annually

Resolution No.54/NQ-CP for 2021-2025 emphasizes the goal of revitalizing and restructuring the economy to enhance productivity, competitiveness, and economic resilience.

This initiative is designed to close the gap in economic competitiveness with key ASEAN-4 nations (Indonesia, Malaysia, Philippines, and Thailand), necessitating new policies to maximize the country's productivity potential.

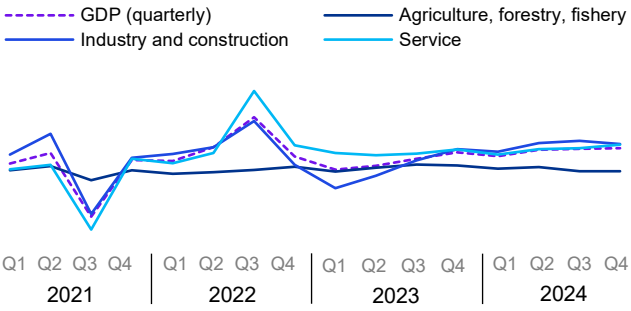
Source: Vietnam Government Portal, Economic Resolution No.54/NQ-CP, 2021-2025

GDP growth is among the fastest in the region

In 2024, Vietnam's economy saw continued growth despite global challenges. The country's Gross Domestic Product (GDP) increased by 7.09% compared to 2023, surpassing the global average of 3.2% and ASEAN's growth of 4.6%.

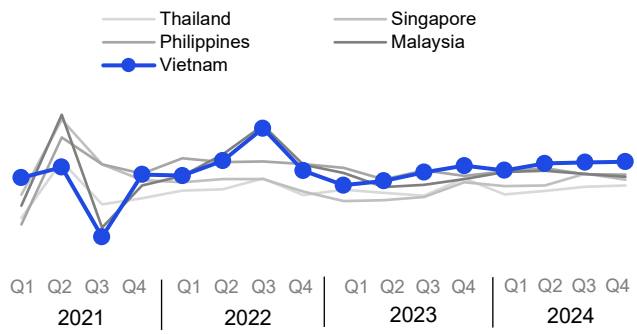
The agriculture, forestry, and fisheries sectors in Vietnam provided steady economic growth from 2020 to 2024. However, the service sector, as well as the industry and construction sectors, experienced a decline in late 2022 before gradually recovering. Ultimately, the industry and construction sectors made the largest contribution to the economic recovery.

Vietnam GDP growth by sector (%)



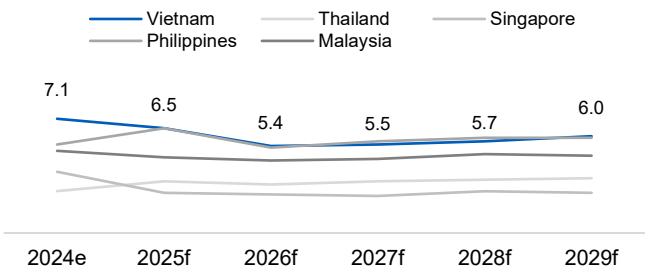
Vietnam's resilience stood out in the face of a challenging global economy marked by high inflation, decreased consumer demand due to elevated energy prices, and increased input material costs.

GDP growth of ASEAN countries (%)



The country's GDP for the full-year 2024 grew by 7.09% compared to 2023, and it anticipates stable growth in the 2025-2029 period, poised as an attractive prospect for investors.

GDP growth forecast of ASEAN countries (%)

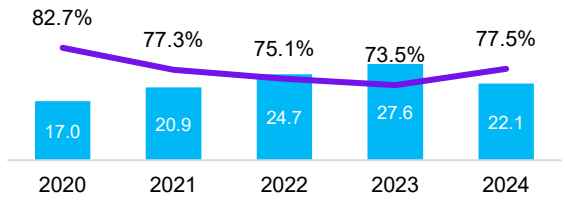


Source: ADB, EIU, Euromonitor, BPS Indonesia, NESDC Thailand, Ministry of Trade and Industry Singapore, DOSM Malaysia, PSA Philippines, NSO, WTO Center

In 2025, the government targets a GDP growth rate of at least 8%. Increased public investment is expected to boost aggregate demand, encourage private sector investment, and mobilize social resources, thereby supporting economic growth amidst global uncertainties and domestic challenges.

- Total public investment for 2025 has been assigned by the National Assembly to be US$36 billion, which is US$3.37 billion higher than the initial plan.
- A rise of 1% in public investment disbursement proportionally contributes to a 0.058% increase in GDP growth. Moreover, every US$1 of disbursed public investment capital stimulates US$1.61 of investment capital from the non-state sector.
- This year, Vietnam targets a 95% disbursement rate of public investment to support economic growth.
- The government is prioritizing infrastructure development, with comprehensive master plans for airports, seaports, railways, roads, and highways for the 2021-2030 period with a vision to 2050. It is estimated that a 40% increase in the infrastructure investment will add approximately 2 percentage points to Vietnam's GDP growth in 2025.

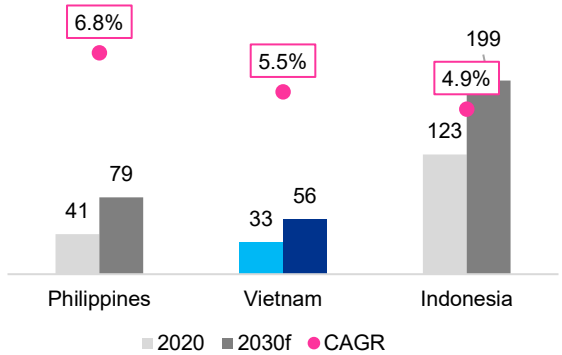
Public investment disbursement (US$ billion) and disbursement rate (%)



Source: Ministry of Finance, NSO, Decision No. 1603/QD-TTg

The burgeoning middle class is driving domestic demand and is expected to be a significant driver of Vietnam's economic growth in the coming decades. By 2030, Vietnam is projected to have an additional 23.2 million people joining the middle class, ranking among the nations with the highest middle class population growth.

Middle class population growth in selected countries



**The middle class is defined as those who spend between US$11 and US$110 a day.*

Source: World Data Lab

Trade landscape

Despite global economic challenges and supply chain disruptions leading to reduced demand, Vietnam experienced growth in trading activities in 2024, remaining an appealing destination for foreign investors.

1. IMPORT, EXPORT & TRADE PARTNERS

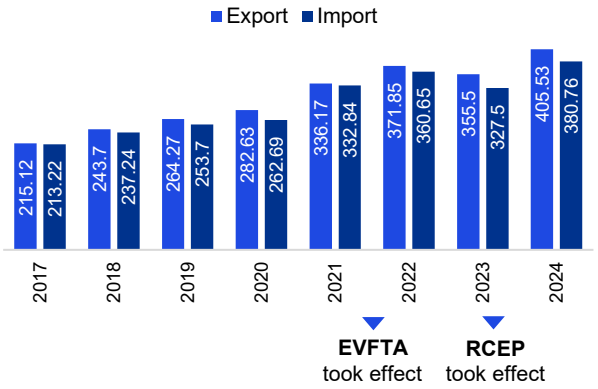
The year 2024 experienced notable global economic challenges, yet Vietnam continued to demonstrate resilience in its trade performance.

Vietnam recorded a trade surplus of US$24.8 billion in 2024. Export turnover experienced a robust 14.3% year-on-year increase to a record US$405.5 billion, while imports rose significantly by 16.7% to US$380.8 billion. This was driven primarily by increased demand for industrial raw materials, machinery, and electronic components, reflecting Vietnam's expanding manufacturing and export processing sectors.

In early 2025, the government set ambitious export target of US$454 billion for the year, represents a 12% y-o-y increase.

However, recent trade policy shifts in the U.S. introduced new challenges to the global economic landscape. The sharp increase in tariffs, effective from April 2025, severely impacts the price competitiveness of Vietnamese products in the U.S. market, leading to concerns about order cancellations, profit margin erosion, and supply chain disruptions.

Export and import turnover over years (US$ billion)



In 2024, Vietnam achieved its ninth consecutive year of trade surplus, with a record-high total trade turnover of US$786 billion, sustaining robust trade relations with developed and robust markets.

Top 3 Imports in 2024 (US$ billion)

Electronics, Computers	Machinery, Equipment	Textiles, Garments
107.1 ▲ 21.7%	48.9 ▲ 17.6%	14.9 ▲ 14.5%

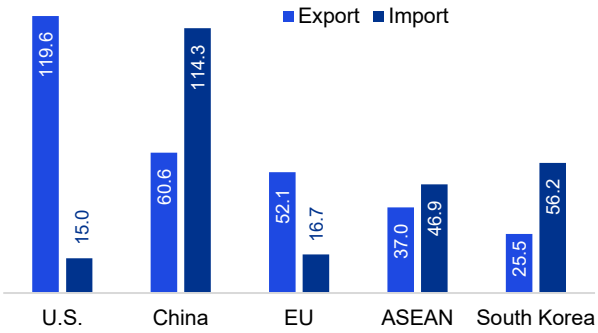
(year-on-year growth)

Top 3 Exports in 2024 (US$ billion)

Electronics, Computers	Telephones and parts	Machinery, Equipment
72.6 ▲ 26.6%	53.9 ▲ 2.9%	52.3 ▲ 21%

(year-on-year growth)

Top 5 trading partners, 2024 (US$ billion)



Source: NSO, Ministry of Industry and Trade, VCCI, Ministry of Finance

The U.S. emerged as Vietnam's largest export market, while China stood as the largest import market for Vietnam in 2024.

Domestic enterprises contributed 28.3% of exports, while foreign-invested companies accounted for 71.7%, underscoring the importance of foreign direct investment in the export sector.

2. INDUSTRY SNAPSHOTS

Electronics	• Electronics and computers maintained its position as Vietnam's top export category, thanks to strong contributions from technology corporations such as Samsung, LG and Apple. • The sector's growth is fostered by sustained demand for components, an expanding and cost-effective manufacturing base with strong trade connections, attracting foreign investors to relocate their investments to Vietnam.
Textiles	• The textile industry stood out as one of Vietnam's leading export sectors, generating over US$44 billion in export revenue in 2024, with the U.S. accounting for 40% of that total. • Domestic firms are encouraged to move up the global value chain, enabling them to capture greater value, build brand recognition, and reduce exposure to tariff fluctuations.
Machinery	• In 2024, the total import-export turnover of machinery, equipment, tools and spare parts exceeded US$100 billion for the first time. • A notable increase in industrial manufacturing projects, along with the increased adoption of automation, AI and IoT technologies aligns with Vietnam's push for sustainable and high-tech manufacturing, spurring demand for industrial machinery and equipment.

Source: Vietnam Briefing, WTO Center, Ministry of Agriculture and Rural Development, Ministry of Industry and Trade

FTAs continue to create an effective launch pad for export and import activities

Vietnam is one of the most globally integrated countries in the region, with a total of 17 bilateral and multilateral FTAs signed, establishing commercial partnerships with over 200 countries and territories.

1. OVERVIEW

As of 2024, Vietnam boasts a robust network of 17 FTAs in effect and 2 under negotiation, partnering with 60 economies that represent the majority of its international trade. This network, including agreements like the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the EU-Vietnam FTA (EVFTA), and the Vietnam-UK Free Trade Agreement (UKVFTA), provides Vietnam with significant competitive advantages compared to other ASEAN countries. These agreements offer benefits such as reduced tariffs, improved market access, and increased investment opportunities, contributing to Vietnam's ongoing economic growth.

FTA compared with selected countries, 2024

FTA with/ between	Vietnam	Malaysia	Thailand	Philippines	Indonesia	Cambodia	China
ASEAN	✓	✓	✓	✓	✓	✓	✓
ASEAN – China	✓	✓	✓	✓	✓	✓	✓
India	✓	✓	✓	✓	✓	✓	-
South Korea	✓	✓	✓	✓	✓	✓	✓
Japan	✓	✓	✓	✓	✓	✓	-
CPTPP	✓	✓	-	-	○	-	-
EU	✓	○	○	○	○	-	-
EAEU	✓	○	○	-	○	○	-
UK	✓	✓	-	-	-	-	-
RCEP	✓	✓	✓	✓	✓	✓	✓
Israel	✓	-	-	✓	-	-	○
UAE	✓	✓	○	○	✓	✓	○
EFTA	○	○	○	✓	✓	-	-
ASEAN – Canada	○	○	-	-	○	-	-

Legend: ✓ Ratified; ○ In negotiation

Source: WTO and International Trade Center

Vietnam's signed FTAs

2024	Vietnam – UAE
2023	Vietnam – Israel
2020	RCEP (ASEAN+5)
2020	Vietnam – UK
2019	Vietnam – EU
2018	CPTPP (TPP11)
2017	ASEAN – Hong Kong
2016	Vietnam – Eurasian Economic Union
2015	Vietnam – South Korea
2011	Vietnam – Chile
2010	ASEAN – Australia/ New Zealand
2009	ASEAN – India
2009	Vietnam – Japan
2008	ASEAN – Japan
2006	ASEAN – South Korea
2002	ASEAN – China
1993	ASEAN

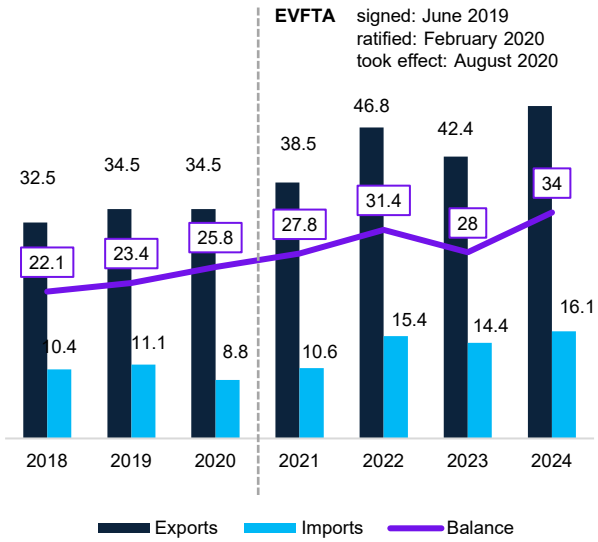
Source: WTO and International Trade Center

Synergies between Vietnam-ASEAN and Vietnam-major countries transform Vietnam into not only a great entrance to the 600+ million-strong and rapidly growing ASEAN market, but also a strategic hub for exporting to the rest of the world.

2. TRADE DEALS FULFILL PROMISE

The EVFTA, signed in June 2019, exemplifies Vietnam's use of FTAs to shift its export focus. This agreement reduces tariffs and opens up new markets for Vietnamese high-tech goods, contributing to the country's economic development and financial security.

Vietnam Trade with the EU (EUR billion)



Source: Eurostat, NSO

3. OPPORTUNITIES FOR VIETNAM EXPORTS

Only **30-40%** of Vietnam's export turnover with FTA partners enjoyed tariff preferences from these FTAs

Harmonizing rules of origin provides a crucial advantage for Vietnam's exports, despite having one of the world's highest numbers of signed FTAs. A significant portion of Vietnamese exports currently face most-favored-nation tariffs.

- To benefit from preferential tariffs, goods must comply with 'rules of origin' and Certificates of Origin (C/O). Harmonization will empower Vietnam to diversify its input materials by streamlining sourcing across different countries.
- This, coupled with simpler export processes, will further attract production lines shifting from China, strengthening Vietnam's position as a stable, long-term export market. As a crucial document confirming compliance, the C/O plays a vital role in this process.

Source: MoIT, Trade Minister

Vietnam – A rising destination for FDI

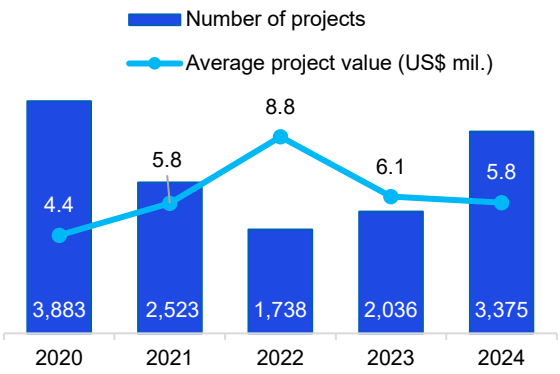
Foreign direct investment (FDI) plays a critical role in the Vietnamese economy. Many large-scale projects in the fields of semiconductors, energy and high value-added products received significant investment in 2024, showing strong investor confidence in the country's competitiveness and high-tech sector.

1. 2024 OVERVIEW

24.7% of the total state budget revenue was contributed by the FDI sector

71.7% of Vietnam's total export turnover was contributed by FDI sector

In terms of newly registered capital, in 2024, there were 3,375 new projects (1.8% increase year-on-year), with total newly registered capital reaching over US$19.7 billion (7.6% decrease year-on-year).

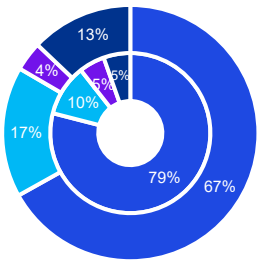


Vietnam's FDI disbursement reached an all-time high of approximately US$25.35 billion in 2024, an annual increase of 9.4%, which also accounted for 16.5% of the total investments, a slight increase of 0.5 percentage points compared to the 2023 figure.

2. DOMINATING SECTORS

Foreign investors have invested in 18 out of 21 national economic sectors, in which the Manufacturing and Real Estate sectors acquired the majority of new FDI investment in recent years, accounting for more than 84% of total registered capital.

Newly approved FDI by sector



- **Industrial Manufacturing**
  US$25.58 billion
- **Real Estate**
  US$6.31 billion
- **Energy & Natural resources**
  US$1.42 billion
- **Others**

Inner circle: 2023; Outer circle: 2024
Investment capital and number of projects are in 2024

Source: Ministry of Finance, NSO, KPMG Analysis

3. INVESTMENT TRENDS

In 2024, 114 countries and territories held active investment projects in Vietnam, with Asian countries continuing to dominate foreign direct investment, as they have done for several years.

The five largest investors, primarily from Asia, contributed a remarkable 73.4% of newly-registered projects.

Newly approved FDI by country, 2024



Japan
9%



Singapore
27%



China
12%



Hong Kong
11%



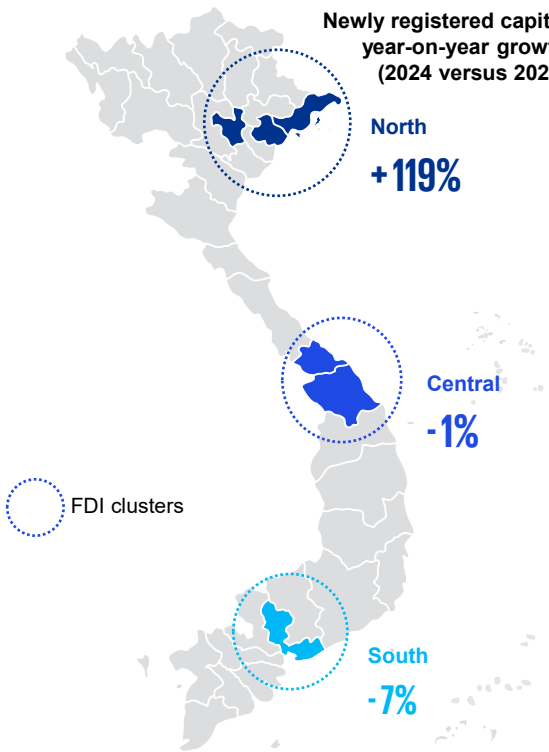
South Korea
19%



Others
22%

Bac Ninh ranked first among 56 Vietnamese provinces and cities in 2024, attracting the highest amount of foreign investment with over US$5.12 billion. This represents 13.4% of the total investment value in new projects across Vietnam.

In contrast, Ho Chi Minh City, Bac Ninh, and Hanoi attracted higher numbers of foreign-invested projects due to their well-developed infrastructure.



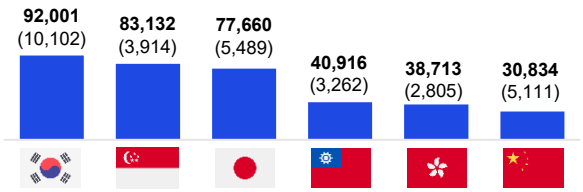
Positive stance towards foreign investments

Due to Vietnam's abundant and affordable labor, strong growth potential, and plans for infrastructure development, numerous large international corporations are increasing their production and business activities in the country.

1. VIETNAM CONTINUE TO BE AN APPEALING INVESTMENT DESTINATION

Until the end of 2024, South Korea continued to take the lead in top foreign investors in Vietnam in terms of accumulative investment capital, followed by Singapore and Japan.

Top Foreign investment in Vietnam by country (accumulation of valid projects until December 2024)

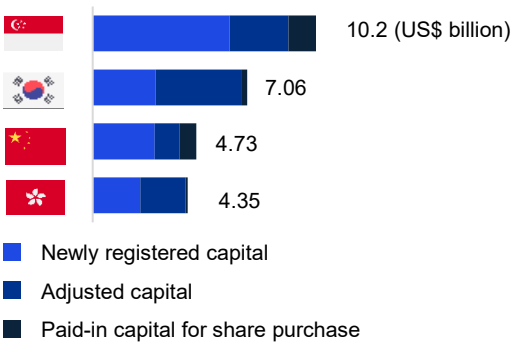


(Total registered investment capital in US$ million, number of projects in brackets)

2024-2025 Highlights

- **SYRE Impact** invested US$1 billion in Binh Dinh province to establish a polyester fabric recycling production complex.
- **Hyosung TNC** invested US$1 billion in Ba Ria-Vung Tau province to establish multiple bio-textile material production plants.
- **Foxconn Group** invested US$551 million in two manufacturing factories in Quang Ninh province.
- Sycamore Limited, a subsidiary of **CapitaLand Group** from Singapore acquired a US$553 million residential project in Binh Duong.
- **Trina Solar** poured US$454 million in establishing a solar cell plant in Thai Nguyen province.
- **ICT-Lanto** invests US$300 million in Luxshare-ICT's factory in Bac Ninh province to produce smartphones.

In terms of registered capital by country, Singapore, South Korea, China, and Hong Kong were the leading investors in 2024.



Source: Ministry of Finance, Trade Press

2. FDI PROSPECTS: TRADE GROWTH, FTAs, AND REGULATORY REFORMS

- **Export-led opportunities:** The export sector presents ample opportunities, with around 80% of Vietnamese exporters being foreign-invested, aiming to diversify supply chains.
- **Impact of trade agreements:** The Regional Comprehensive Economic Partnership (RCEP), which took effect on 01 January 2022, strengthens Vietnam's position in global trade. Foreign-invested companies are among the key beneficiaries, as RCEP facilitates access to broader markets and supports increased shipments of high-quality goods, agricultural products, and fisheries.
- **Supportive domestic reforms:** In parallel, new local laws and regulations, including updates on Intellectual Property, Cinematography, and the Insurance Business, are being introduced to align with FTAs and create a more transparent business environment. These reforms reinforce investor confidence by modernizing Vietnam's legal framework.
- **Compliance and regulatory maturity:** Compliance with data localization rules (Decree 53/2022/ND-CP) and the Personal Data Protection Decree (effective 01 July 2023) is mandatory for all businesses operating in Vietnam or handling Vietnamese personal data. This dual nature, offering attractive export opportunities while requiring stricter compliance, reflects Vietnam's transition into a more mature, rules-based market.

Heading to 2026

- With controlled inflation, targeted 8.3-8.5% GDP growth in 2026, and manageable public debt, the investment environment in Vietnam is favorable for strategic opportunities.
- In Q1/2025, EuroCham's Business Confidence Index(1) surged to 64.6, while 58% of businesses surveyed were confident in positive outlook in Vietnam the upcoming quarter. However, given the impact of U.S.'s recent tariff policy, 42% of respondents kept a neutral stance on the business environment, suggesting a cautious sentiment amid ongoing changes.
- Vietnam will continue to accelerate economical reforms to lure more FDIs in 2026, via changes in business environment, administrative and customs procedure streamlining, infrastructure upgrades and human resource development.
- Government is pushing ahead with strategic sectors, including infrastructure, AI, semiconductors, science and technology, innovation, digital transformation, and renewable energy.

(1) The survey is emailed quarterly to 1,400 business leaders among representatives from EuroCham's members. Among the invited, 156 completed the full questionnaire in this round Q4/2024.

Source: KPMG Analysis, Vietnam Financial Times

Impact of the U.S. – China decoupling

Decoupling between the U.S. and the People's Republic of China (China) has emerged as a key concept in discussing the future of their economic relationship. The two countries have faced numerous challenges, including trade disputes, technology competition, and geopolitical tensions in recent years.

Context

The U.S. and Chinese economies are closely interconnected, but their ties are eroding. Proponents of decoupling argue that this is a necessary step to protect national security interests and advance alternative sources of growth.

The U.S.–China bilateral trade recorded a slump of 11.6% in 2023, the first fall since 2019. This was due to declines in global demand and the U.S. export sanctions, which continue to block U.S. firms' exports to China.

Under Trump's second administration, rising tensions and trade war are making a new push to the U.S.–China decoupling.

Bilateral decoupling moves

1. Trade war and tariffs

Since coming into power in April, President Trump has enacted various steep tariffs on all U.S. trading partners and specifically took aim at China. This move fueled a tit-for-tat series between Washington and Beijing, deepening the cracks between the world's two biggest economies.

In addition, limiting transshipments by Chinese firms has become a key objective of the Trump administration. On 02 July 2025, the U.S. increased pressure on Southeast Asian countries to cooperate in these efforts by announcing an additional 40% tariff for transshipped goods on top of other duties.

2. The U.S.–China technological decoupling

To China, technology forms the backbone of economic and military superiority. Therefore, technological self-sufficiency is an existential imperative to survive and thrive.

In 2015, the country released a ten-year strategy named "Made in China 2025" to transform its economy from a global producer of low-cost, low-tech goods into a dominant high-tech manufacturing power. In high-tech fields such as AI, semiconductors and clean tech, Chinese firms & researchers are world leaders or on par with Western competitors.

On the U.S. side, the Export Control Reform Act was ratified in 2018 to regulate the export of technologies that possess dual-use characteristics. Exports on advanced computing and semiconductor items have been tightened since 2022.

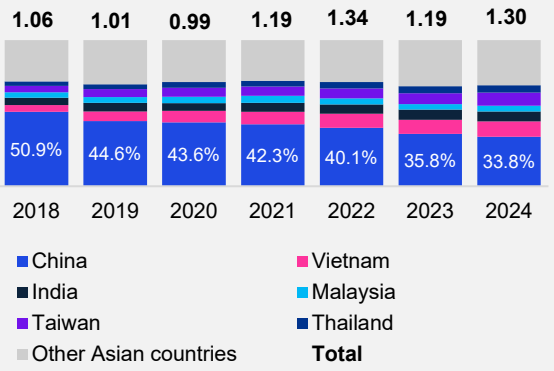
Starting May 2025, the U.S. suspended exports of critical technologies related to jet engines, semiconductors, as well as chemicals and machinery to China, in response to China's restrictions on critical mineral exports.

However, the latest round of China-US economic and trade talks held in Madrid in September 2025 concluded with new results, sending a clear signal that both sides prefer engagement over confrontation.

Global impact

- U.S.'s tariffs on China in April amounted to at least 145%, risking collapsing much of the pair's bilateral trade worth US$582 billion in 2024. Meanwhile, Trump's duties on other countries hit Chinese exports to third countries that ship goods on to U.S. consumers.

U.S. imports from Asia (US$ trillion)



- A quantitative analysis by the Center of Economic Policy Research (CEPR) in 2024(1) implies that the U.S.–China technological decoupling poses the risks of slower technology knowledge diffusion and welfare loss for not only the U.S.–China but also for their partner countries.

Implications for Vietnam

- Vietnam runs a trade surplus with the U.S. and a trade deficit with China, which raises the concern that Chinese goods are being rerouted via Vietnam as a tariff circumvention and makes Vietnam the key target for U.S. tariffs and trade fraud investigation. In response, Vietnam has tightened its product origin regulations and offered trade concession to the U.S.
- Despite challenges, the U.S. trade policies present a timely opportunity for Vietnamese businesses to integrate deeper into global supply chains. Vietnam has been seeking to diversify its export markets and reduce its reliance on China, and the U.S. has recognized the potential economic benefits of this relationship.
- Furthermore, the U.S. penalties on transshipment goods could serve as a wake-up call, offering an opportunity for Vietnamese enterprises to restructure and increase domestic value content in their exports. Local manufacturers are also urged to move beyond basic assembly and build a resilient, complex, and high-value domestic supply chain.

Source: Global Times, Foreign Policy, Ministry of Foreign Affairs, East Asia Forum, Oxford Economics, Bloomberg, IMF, Center for Strategic & International Studies, CEPR, U.S. International Trade Commission, Central European Institute of Asian Studies (CEIAS), WTO Center, (1) Economic consequences of US-China technological decoupling: An illustrative quantitative analysis

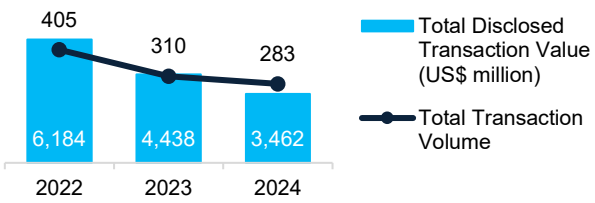
Mergers & Acquisitions (M&A) Landscape

The M&A market in Vietnam has been less vibrant in the past year as investors continue to stay cautious, with main driving forces coming from business restructuring and foreign investors' expansion of land assets. In 2025, the market is expected to slowly recover, with healthcare and education being the two promising industries.

1. VIETNAM'S 2024 M&A HIGHLIGHTS

In 2024, Vietnam's total M&A deal value declined by 22% year-over-year (vs. 17.8% YoY decline in combined deal value of Thailand, Indonesia, Malaysia, Singapore and Philippines) and a 8.7% decline in transaction volume.

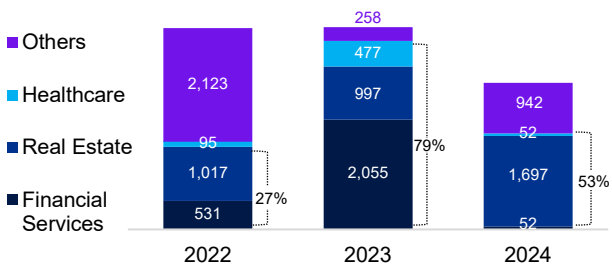
Vietnam M&A Landscape



Source: Capital IQ, VIR, KPMG Analysis

The Financial Services, Real Estate, and Healthcare sectors saw continued growth, collectively representing over half of the total deal value and four of the five largest transactions in the same period.

M&A value breakdown by sector (US$ million)

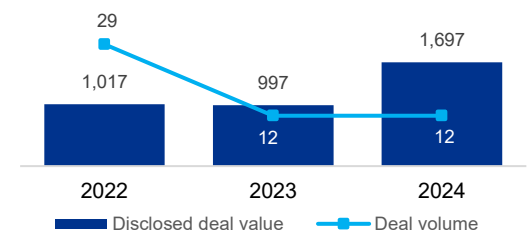


Source: Capital IQ, VIR, KPMG Analysis

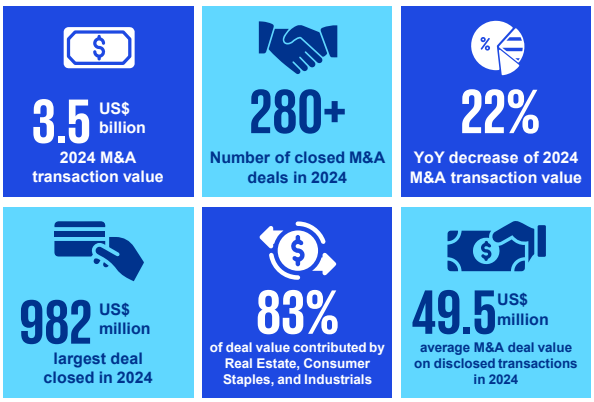
2. THE REAL ESTATE SECTOR

The new Land Law taking effect in 2024 introduces updated regulations on land use and clarifies land pricing methodologies, bringing greater transparency to the market. Thus, domestic demand strengthened with both investors and consumers regaining confidence, leading to a record average deal size of US$142 million in 2024.

Real Estate's deal value and volume (US$ million)



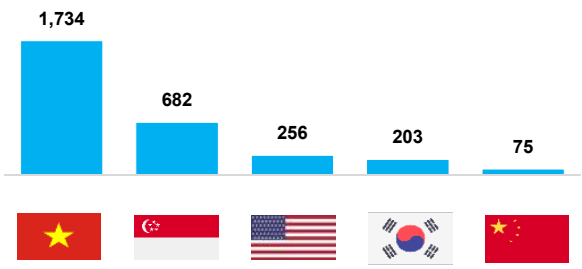
Source: Capital IQ, VIR, KPMG Analysis



3. DOMESTIC INVESTORS DOMINATED THE MARKET

While foreign investors took over the deals value in 2023, year 2024 witnessed a reversed trend as domestic investors dominated the M&A market in Vietnam and accounted for 50% of the total disclosed deal value alone. This is a result of business restructuring among local players and indicates a strategic focus on business consolidation and recalibration within the domestic market. Moreover, this trend indicates that foreign investors are keeping a vigilant approach in dealmaking in Vietnam.

Ranking of top 5 investors by value, 2024 (US$ million)



Source: KPMG Analysis

4. ESG AS RISING AWARENESS

>85%	Vietnam's 500 fastest-growing companies (FAST 500) have committed or plan to comply with ESG standards.
≈80%	of CEOs expect to see returns from ESG investments within the first five years.
51%	of CEOs in the Asset Management industry agree they will be able to address all the ESG priorities simultaneously with other organization priorities.

Source: KPMG Analysis, Vietnam Report

Deal Advisory

At KPMG in Vietnam, our Deal Advisory division offers a wide range of services aimed at fostering strategic growth and financial well-being for our clients.

Deal Advisory is central to business operations, overseeing strategies, processes, and financial resource management to maximize profitability and shareholder value. This encompasses activities such as capital investment decisions, long- and short-term financial planning, capital structure optimization, and dividend policy management.

The primary goal is to identify optimal strategies for financial management, facilitating business growth and creating sustainable value. Our specialists in Mergers & Acquisitions, Valuations, Turnaround & Restructuring, and Infrastructure Advisory combine market intelligence, innovative approaches, and meticulous execution to ensure clients not only achieve but surpass their financial objectives.

M&A Advisory

- Our experienced M&A advisors provide seamless guidance through every stage of mergers and acquisitions, offering strategic expertise from initial target identification to successful post-merger integration.
- Our specialists guide clients through their divestiture, from developing an exit strategy to enhancing the value of your retained business.
- We help clients discover ideal acquisition targets or suitable buyers, conduct thorough due diligence, and provide reliable valuation assessments to empower informed decisions.
- With our comprehensive approach, clients are equipped to confidently address every aspect of the transaction, from structuring and financing to effective negotiation, ultimately achieving their strategic goals and expanding market presence.

Valuations

- KPMG in Vietnam's valuations team delivers accurate fair market value assessments, robust financial projections, and insightful scenario analyses for a diverse range of financial activities, including mergers and acquisitions, divestitures, and joint ventures.
- By leveraging industry expertise, discounted cash flow analysis, and comparable company analysis, we provide precise and objective valuation reports
- These in-depth analyses empower clients to understand the true worth of their businesses or assets, helping them secure more favorable deals, make informed strategic decisions, and unlock maximum value.

Turnaround & Restructuring

- KPMG in Vietnam's experts work with troubled companies to identify issues, stabilize operations, and implement strategies for sustainable restructuring.
- We provide actionable insights and tailored approaches to debt renegotiation, operational reorganization, and cost reduction.
- Our hands-on support enables businesses to regain financial stability, restore stakeholder confidence, and create a platform for renewed profitability and growth, even in challenging circumstances.

Infrastructure Advisory

- Our infrastructure advisory team can assist you in raising financing for developing greenfield infrastructure assets, advising you in buying operating projects and businesses, selling assets and capital and returns optimization for operating businesses.
- We provide this advice and support in all infrastructure sectors, including power, generation, transmission and distribution, sustainable energy, transport, airports and oil and gas.
- Our team helps you navigate through complex and often fragmented processes and address critical issues upfront to make the right decisions.

Contact us



Michael Dwyer
Partner, Head of Deal Advisory



Dinh The Anh
Partner, Head of Corporate Finance



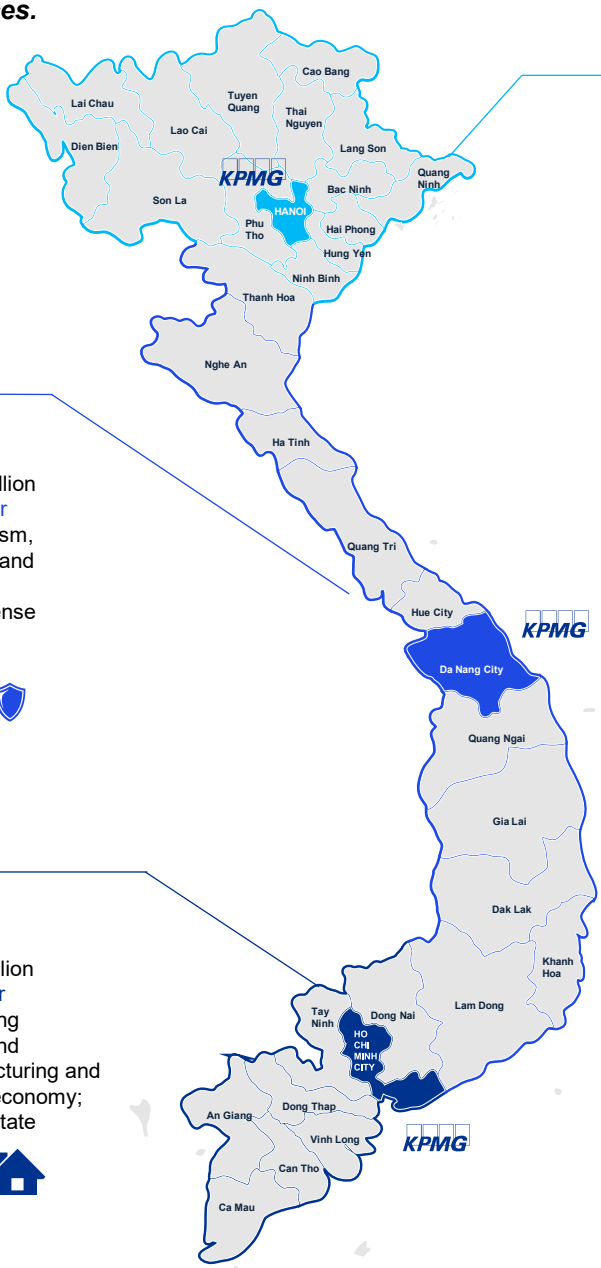
Nguyen Minh Hieu
Partner, Head of Transaction Services



Dr. Franz Degenhardt
Director, Head of Valuations

New provincial merger opens space for development

From 01 July 2025, Vietnam officially has 34 provincial-level administrative units, including 28 provinces and 06 cities; of which 19 provinces and 04 cities were formed after the arrangement according to Resolution 202/2025/QH15. The rearrangement of administrative boundaries aims to expand economic development space, reduce inter-regional barriers, and promote connectivity and efficient use of resources.



Northern region

- Area: 116,456 km^2
- Population: 40.1 million
- GRDP (2024): VND4,440 trillion
- Priority sectors and areas for development[2]: building high-quality human resource training centers; high-tech industries; banking and finance; specialized healthcare; supporting industries

Central region

- Area: 150,397 km^2
- Population: 31.4 million
- GRDP (2024): VND2,246 trillion
- Priority sectors and areas for development[2]: marine tourism, eco-tourism; manufacturing and assembly of automobiles; petrochemical, national defense industries; seaport services

Southern region

- Area: 64,473 km^2
- Population: 42.13 million
- GRDP (2024): VND4,992 trillion
- Priority sectors and areas for development[2]: manufacturing and assembly of electrical and electronic products; manufacturing and processing industry; digital economy; banking and finance; real estate

Source: NSO, Provincial statistical offices, Vietnam Briefing

(1) Decision No.747/1997/QĐ-TTg ("Decision 747"), 1018/1997/QĐ-TTg ("Decision 1018") and Decision No.44/1998/QĐ-TTg ("Decision 44"), Notice No.99/TB-VPCP dated 02/07/2003, 108/TB-VPCP dated 30/07/2003, Decisions No.145, 146, 148/2004/QĐ-TTg (replacing Decisions 747, 1018, 44), Decision No.159/2007/QĐ-TTg, Resolution No.15/2008/QH12

(2) according to Resolution No. 128/NQ-CP (issued 11 Sep 2020) on the tasks and solutions to step up the development of key economic regions

Northern investment cluster



The Northern region comprises of the Northern midlands and mountainous region and the Red River delta, altogether accounting for 38% of the country's GDP.

Over the past five years, Singapore, Japan, Hong Kong, and China collectively accounted for 71% of the registered capital for new projects in the Northern region.

Overall, the northern provinces and cities are all moving toward industrialization and modernization with a focus on high technology, while leveraging their unique geographical and resource advantages to develop specialized economic sectors.

2024 Performance of outstanding localities

	Hanoi	Hai Phong	Bac Ninh	Quang Ninh	Hung Yen	Phu Tho	Thai Nguyen
GRDP (VND trillion)	**1,426**	658	440	348	293	355	186
GRDP growth rate	6.5%	**10.7%**	9.6%	8.4%	7.5%	9.1%	7.2%
Population (million)	**8.8**	4.7	3.6	1.5	3.6	4.0	1.8
Total registered FDI capital (US$ mil.)	2,161	5,757	**6,345**	2,872	2,757	521	668
Accumulated registered FDI capital (US$ mil.)	42,338	43,775	**44,488**	16,202	14,861	11,763	11,074

Source: NSO, Provincial statistical offices
Note: figures in bold indicate best-performing province in selected criteria

Key economic activities

High-tech manufacturing

This is the common orientation of most provinces and cities. **Hanoi** develops high-tech and circular industries as the regional economic center. **Hai Phong** prioritizes electronics, machinery, and automotive manufacturing, leveraging seaport logistics. **Bac Ninh** focuses on high-tech processing and manufacturing with foreign investment, expanding its industrial ecosystem. **Quang Ninh** and **Ninh Binh** similarly pursue high-tech processing industries. **Hung Yen** creates a high-tech industrial corridor from Hanoi to coastal areas. **Phu Tho** emerges as a significant player with its eastern corridor featuring high-tech industrial zones specializing in electronics and precision engineering.

Marine economy

Coastal provinces have strong marine economy orientations. **Hai Phong** develops seaport services and logistics combined with marine economy; **Quang Ninh** leverages its existing diverse marine economic structure; **Hung Yen** develops marine economy in connection with other coastal localities after merging with Thai Binh.

Source: NSO, Provincial Information Portals

Green industry and Renewable energy

Quang Ninh pioneers in promoting green industries and green energy sectors. **Hung Yen** also has potential for renewable energy development through its merger with Thai Binh.

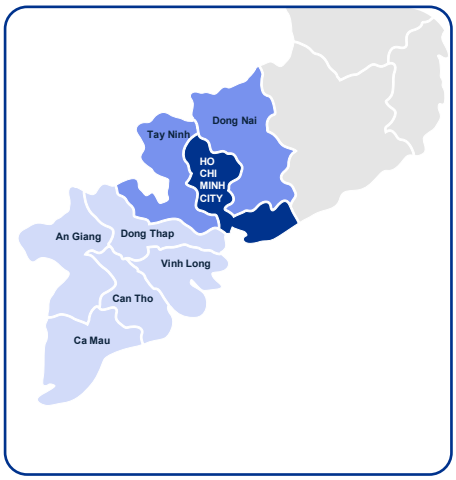
High-tech agriculture

Hanoi orients toward developing high-tech agriculture, while **Ninh Binh** utilizes existing agricultural resources for sustainable development.

Tourism and services

Hanoi promotes sustainable trade, logistics, finance, and tourism with its central role. **Quang Ninh** develops logistics and makes tourism a key economic sector. **Ninh Binh** focuses on sustainable tourism centered on heritage networks, utilizing its rich tourism resource advantages. **Phu Tho** contributes through its western corridor's eco-tourism and wellness tourism development

Southern investment cluster



The Southern cluster comprises of the Southeastern region and the Mekong River delta, altogether accounting for 43% of the country's GDP.

Industrial zones are concentrated in Ho Chi Minh City (HCMC) and Dong Nai, making the Southern region an attractive investment hub for multinational corporations, especially after the provincial merger.

Outlined under Resolution No. 24-NQ/TW in 2022, Decision No. 370/QD-TTg, and Decision No. 1325/QD-TTg in 2024, Vietnam's Southeast region is oriented toward developing high-tech manufacturing and processing industries alongside high-value service sectors.

2024 Performance of outstanding localities

	Ho Chi Minh City	Dong Nai	Tay Ninh	Ca Mau	Vinh Long
GRDP (VND trillion)	**2,716**	609	313	298	254
GRDP growth rate	8.0%	8.3%	7.5%	-	-
Population (million)	**14.0**	4.5	3.3	2.6	4.3
Total registered FDI capital (US$ mil.)	**3,038**	1,595	812	7	4
Accumulated registered FDI capital (US$ mil.)	**137,931**	42,904	24,345	4,860	5,913

Source: NSO, Provincial statistical offices
Note: figures in bold indicate best-performing province in selected criteria

Key economic activities

High-tech manufacturing

Following its merger with Binh Duong and Ba Ria – Vung Tau, **HCMC** is now Vietnam's biggest integrated industrial zone and a pioneer in smart manufacturing, producing over 30% of the total manufacturing output. **Dong Nai** hosts factories from major global industrial corporations, with most the projects involve high-tech industries. **Tay Ninh** emerges as a strategic destination for high-tech investors following the establishment of a 400ha high-tech industrial park.

Agriculture

Tay Ninh's merger forms large-scale agricultural production zones linked to high-value processing and export chains. **Dong Nai** leads the country in animal feed production and industrial-scale livestock farming. **Vinh Long**'s marine and coastal areas are rich in aquatic resources, offering favorable conditions for aquaculture and fisheries. **Ca Mau** has become the national leader in shrimp farming area, scale, and output.

Financial sector

The rapid growth of fintech, capital markets, and digital assets positions **HCMC** to become Southeast Asia's international financial center, while also accelerating Vietnam's digital financial ecosystem growth.

Marine economy

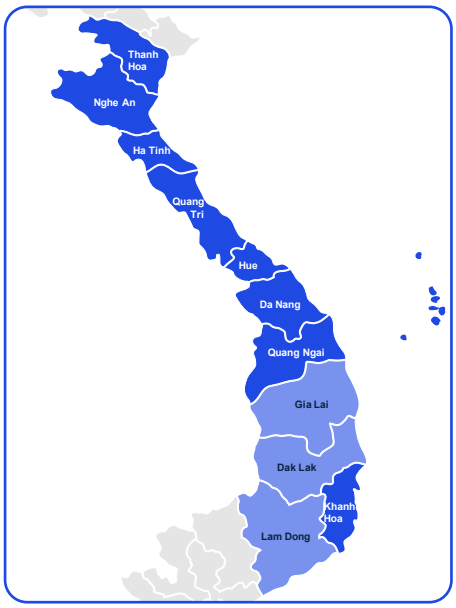
HCMC possesses nearly one-third of Vietnam's seaports and will boast the most extensive port system nationwide. It also hosts the nation's deepest seaport, the only port in Southern Vietnam with direct shipping routes to Europe and the Americas.

Renewable energy

The waters of **HCMC** are considered among the most ideal for offshore wind power development; **Vinh Long** is positioning itself as a southern hub for renewable energy with dozens of large-scale wind and solar power projects getting underway.

Source: NSO, Provincial Information Portals

Central investment cluster



The Central cluster comprises of the North-Central and Central coastal regions and the Central highlands, altogether accounting for 19% of the country's GDP.

The Central cluster is attractive for the marine economy and agriculture due to its focus on food, beverage, and feed processing. This concentration is higher than both the North and South regions.

According to Resolution No. 26-NQ/TW in 2022, Decision No. 376/QD-TTg, and Decision No. 1281/QD-TTg in 2024, Vietnam's current strategy for North Central and Central Coastal region priorities restructuring key economic sectors, boosting the marine economy, and strengthening regional connectivity across 3 defined subregions.

Da Nang plays a major role in attracting FDI to the Central region, with key investment drivers include a newly approved 1,900-hectare Free Trade Zone and the International Financial Center.

2024 Performance of outstanding localities

	Lam Dong	Thanh Hoa	Da Nang	Gia Lai	Nghe An	Quang Tri
GRDP (VND trillion)	**320**	317	280	242	217	114
GRDP growth rate	-	**12.2%**	7.3%	-	8.0%	6.6%
Population (million)	3.9	**4.3**	3.1	3.6	3.8	1.9
Total registered FDI capital (US$ mil.)	119	485	356	106	**1,750**	101
Accumulated registered FDI capital (US$ mil.)	4,828	**15,555**	13,227	1,374	5,687	2,624

Source: NSO, Provincial statistical offices
Note: figures in bold indicate best-performing province in selected criteria

Key economic activities

Logistics

The **North-Central and South-Central Coast** regions occupy a strategic crossroads of North–South and East–West transport corridors. With deep-water ports, modern railways, and newly developed airports, the area has strong potential to become a national and regional logistics hub—linking key economic corridors with the Greater Mekong Subregion.

Marine economy

Following the provincial merger (**Dak Lak** with **Phu Yen**, **Lam Dong** with **Binh Thuan**), inland and coastal economies become connected, expanding markets and supplies. The development of the international financial center in **Da Nang** also helps reduce administrative barriers and enhance the effectiveness of marine space management.

Source: NSO, Provincial Information Portals

Tourism

The South-Central Coast and Central Highlands region holds strategic value, rich natural diversity, unique culture, and historical significance, making it ideal for developing distinctive inter-regional tourism products—especially along the **Da Nang–Gia Lai–Khanh Hoa** route.

Agriculture

Thanks to the ideal climate and soil, **Lam Dong, Dak Lak** and **Gia Lai** are well-positioned for smart-agricultural development. In recent years, the three provinces have been focusing on high-tech farming and circular agriculture.

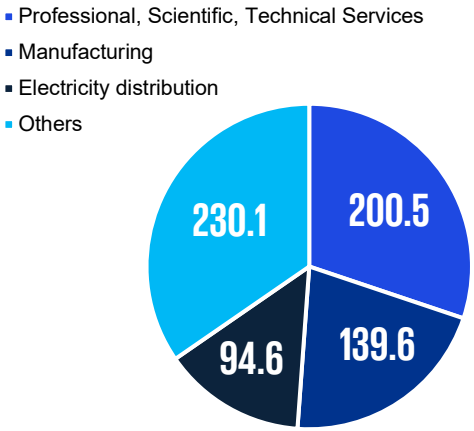
Outbound investment

In recent years, Vietnam has witnessed a growing number of enterprises venturing into outbound investment to expand their business horizons. This trend has opened up new opportunities for Vietnamese players and further integrated Vietnam into the global economy.

1. PERFORMANCE IN 2024

In 2024, overseas investment by Vietnamese companies totaled US$664.8 million, marking a 57.7% increase from 2023. There were 164 new projects with registered overseas investment capital of US$603.7 million and 26 existing projects received capital injections amounting to US$61.1 million.

Top investment by sectors, 2024 (US$ million)



Source: Ministry of Finance

In 2024, the Professional, Scientific, Technical Services industry secured the largest share of outbound capital, attracting US$200.5 million across five new projects, which constituted 30.2% of Vietnam's total. The Manufacturing industry followed, securing US$139.6 million, or 21% of the total.

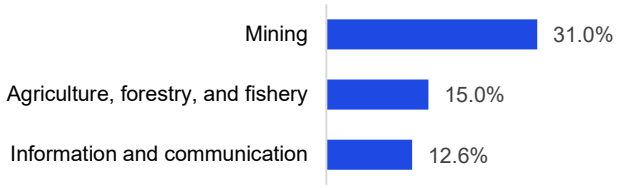
Capital also flowed into electricity distribution, transportation and warehousing, wholesale and retail trade, construction, social services, and agriculture, forestry, and fishery.

Vietnamese companies invested in 31 countries. Laos was the top destination, receiving US$191.2 million (28.8% of total outbound investment in 2024), followed by Indonesia, India, and the U.S., among others.

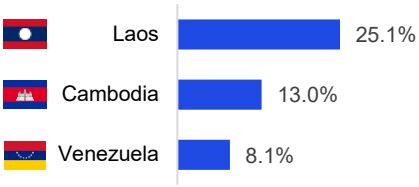
2. ACCUMULATED OUTBOUND INVESTMENT

As of 31 December 2024, Vietnam had 1,825 valid overseas investment projects with a total investment of roughly US$22.6 billion.

Top 3 sectors receiving investment over the years



Top countries of destination over the years



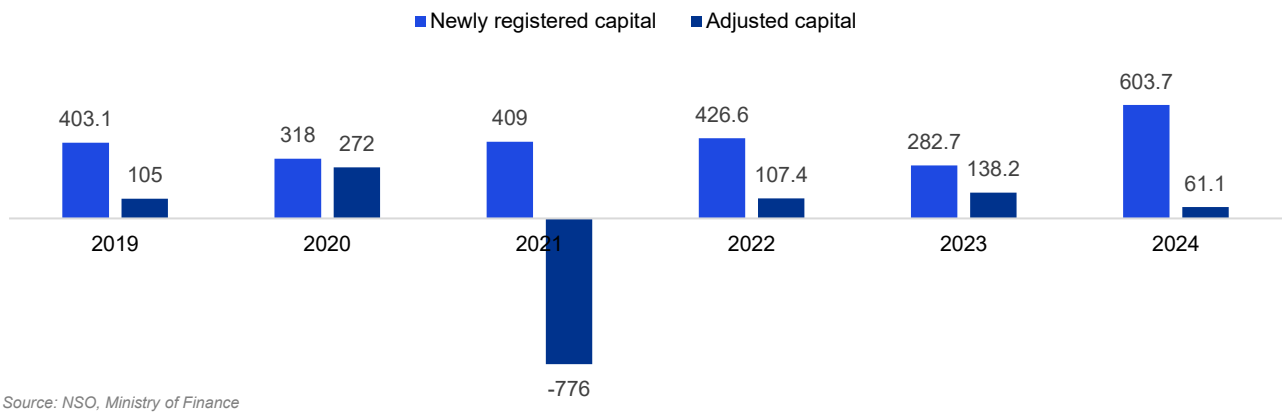
Source: Ministry of Finance

Vietnam's outbound investment is primarily driven by its dynamic economy and increasing global integration via bilateral and multilateral agreements.

Currently, numerous Vietnamese companies are pursuing outbound investment initiatives, including prominent players such as Vingroup, Masan Vonfram (under Masan Group), Vietnam Rubber Group, Viettel Group, Petrovietnam, Vinamilk, Global Mind Australia (under TTC AgriS), and major banks like BIDV, Vietcombank, and Vietinbank.

This trend is reinforced by the government's Resolution 68 (May 2025), which aims to cultivate strong domestic corporate groups for international markets. One of the key objectives is to develop 20 large private companies by 2030 capable of expanding their global footprint. Please refer to Page 73-74 on Resolution 68-NQ/TW for more details.

Total overseas investment capital over the years (US$ million)



Source: NSO, Ministry of Finance

Visa & Work Permit

1. New visa policies facilitate travel for foreigners to Vietnam

To recover post-COVID-19, Vietnam recognizes that domestic consumption alone won't be enough to return the country to its pre-pandemic state. The path to recovery is intricately linked to the global economy's ability to restart and the return of worldwide consumption to normal levels.

Since the second half of 2023, Vietnam has implemented significant changes to its immigration policies. These represent a breakthrough and reaffirm the Vietnamese Government's commitment to openness towards foreigners. The new policies create favorable conditions in terms of visa and entry/exit procedures, especially for those visiting Vietnam for work, investment, and tourism:

Visa	Criteria	Validity	Entry
Unilateral visa exemption	Visa exemption for citizens of 13 countries	Up to 45 days	Single entry
Electronic visa	Applicable to passport holders of all countries	Up to 90 days	Multiple entries

Foreigners entering Vietnam using the unilateral visa exemption scheme may be considered for visa issuance or temporary stay extension. Those entering with an electronic visa can convert it to a work visa or temporary resident card to stay and work legally in Vietnam (subject to certain conditions).

In addition to the unilateral visa exemption and electronic visa, foreigners can still use other traditional visa types to enter and stay in Vietnam. These include:

Visa	Criteria	Validity	Entry
Bilateral visa exemption	Applicable to ASEAN, Chile and Panama citizens	14 to 90 days	Single entry
Business visa	Applicable to citizens of all countries	Up to 90 days	Single or multiple entry
Work visa or Temporary resident card	Applicable to passport holders of all countries	Up to 2 years	Multiple entries

Foreign passengers with electronic visas can only enter and exit Vietnam through designated checkpoints. These include 13 airports, 16 land border gates, and 13 sea border gates. Passengers using other immigration documents have more flexibility and can enter Vietnam through any international border gate.

2. Significant steps towards a more efficient and equitable foreign labor employment system in Vietnam

Significant steps are being taken to create a more efficient and equitable system for employing foreign labor in Vietnam. To attract highly skilled and experienced foreign workers for positions needed in the labor market, the Vietnamese government actively seeks feedback from the business community. This allows them to provide further clarification, reduce administrative burdens, and still maintain effective state management of foreign labor.

The latest guidance on foreign labor in Vietnam is Decree 70/2023/ND-CP, which amends Decree 152. Issued on 18 September 2023, this decree introduces significant changes to clarify procedures and streamline the work permit process. These changes aim to facilitate work permit procedures in Vietnam, aligning them with international practices and Vietnam's current situation.

Decree 70, along with Decree 152 and other related labor regulations, demonstrates the government's consistent policy of selectively attracting highly experienced foreign workers with technical expertise for positions where local talent falls short. These regulations also aim to simplify administrative procedures for businesses and foreign workers to enter and work in Vietnam legally

Implication for businesses

- **In addition to streamlining procedures and attracting foreign talent, the Vietnamese government is also strengthening the management of foreign workers.** This ensures compliance with Vietnamese labor and immigration regulations by both businesses and foreign workers. The government is also improving coordination between relevant authorities to manage foreign entry and foreign labor more effectively, according to established regulations and practical implementation.
- **Therefore, businesses and foreign workers coming to Vietnam are advised to stay up-to-date on regulatory changes.** This will help them manage mobility plans and budgets for a smooth travel experience and compliant work in Vietnam.

Mandatory Insurances regime in Vietnam following the new Social Insurance (SI) Law * (1 of 2)

** Law on Social Insurance no. 41/2024/QH15 was issued on 29 June 2024 by the National Assembly. This Law is effective from 01 July 2025.*

Who is subject to the SI in Vietnam?

Expatriate employees	Local employees
• Having a definite-term labor contract with a Vietnamese party for a term of one year or more. • Below the retirement age according to Vietnamese regulations. • They are not a foreign employee under an internal transfer arrangement (assigned from the holding company to its direct subsidiaries in Vietnam). • International treaties to which Vietnam is a signatory have different provisions.	• Having indefinite-term labor contract, labor contracts with terms of at least 01 month, including cases where the agreement is signed under other names but contains content reflecting paid employment, salary, and the management, operation and supervision of one party. • Employees who do not work full time and having salaries in the month is equal to or higher than the salary level used as a basis for the minimum compulsory SI premiums. • Employee being enterprise managers/controllers/representatives of state capital/representatives of enterprises' capital who do not receive salaries.

What is the contribution rate?

	Contribution rate				Employee Entitlement
	Employer		Employee		
	Local employee	Expatriate employee	Local employee	Expatriate employee	
Social Insurance	17.5%		8%		Retirement and death insurance benefit; one-time social insurance benefit; sickness and parental insurance benefit; unemployment benefit; occupational accident and disease benefit (To be entitled to the above benefits, the proper application form/dossier must be submitted to the Social Insurance authority within the statutory deadline.)
Health Insurance	3%		1.5%		
Unemployment Insurance	1%	Not applicable	1%	Not applicable	

Basis for SI contribution

Income and salary to calculate SI contribution

- Monthly salary includes the job or position-related salary, salary allowances, and other additional amounts that are agreed upon and paid regularly and stably in each salary payment period.
- The base salary for SI contribution is not less than **the reference level*** but capped at 20 times of this amount.

(*) The reference level is the amount determined by the Government for calculating payment and benefit levels for certain SI benefits. It is adjusted based on the increase in the consumer price index (CPI) and economic growth, considering the state budget's capacity and the SI fund.

Mandatory Insurances regime in Vietnam following the new Social Insurance (SI) Law * (2 of 2)

** Law on Social Insurance no. 41/2024/QH15 was issued on 29 June 2024 by the National Assembly. This Law is effective from 01 July 2025.*

Other notable reforms concerning employers' obligations

Shortened contribution periods for pension entitlements:

Minimum years of SI contributions required to receive monthly pensions reduce from 20 years to 15 years.

Stricter enforcement against non-compliance with social insurance regulations:

A penalty of 0.03% per day (similar to the tax penalty regulations) will be applied to the outstanding amount. Administrative sanctions will be enforced according to the law.

For acts of evasion, there are strict legal measures that may lead to criminal prosecution. To protect employees' rights, the law also holds employers accountable for compensating employees if the employer fails to participate in, or if the employer participates inadequately or late in, compulsory social insurance, thereby harming employees' rights and legitimate interests. These provisions aim to safeguard the legal entitlements of employees and help reduce instances of late payment and social insurance evasion.

International cooperation in social insurance

- Vietnam has formalized its first bilateral social insurance agreement with South Korea, which took effect on January 1, 2024. This landmark agreement aims to eliminate double social insurance contributions for Vietnamese and Korean citizens working in each other's countries and ensures the protection of their social insurance rights.
- While Vietnam has yet to establish a broad network of bilateral social insurance agreements with other countries, discussions and negotiations with key economic partners are ongoing.

Implication for businesses

Social insurance policies for expatriates are common in many countries. With Vietnam's increasing global integration, it's necessary to require Vietnamese companies and foreign employees to participate in this program. This ensures fairness between Vietnamese and foreign employees and protects the benefits and interests of foreign employees working in Vietnam.

However, there's the potential for double contributions, where foreign employees might already contribute to social security in their home countries while working in Vietnam. To address this, the Vietnamese government is actively negotiating and signing bilateral agreements with other countries to prevent double contributions. In fact, Vietnam has signed a social security agreement with Korea, effective from 01 January 2024. This agreement stipulates that employees working within a country's territory will only participate in the social insurance regime of that country, with certain exceptions.

Meet our experts



Nguyen Thuy Duong
Director, Head of Global Mobility Services



Le Minh Hang
Director, Global Mobility Services



Dang Duc Giang
Director, Global Mobility Services

Top 100 Vietnam's "Best Places to Work"

VIETNAM 100 BEST PLACES TO WORK® 2024
LARGE ENTERPRISES
anphabe

2024 marked KPMG Vietnam's 11th consecutive appearance in Anphabe's annual survey. This recognition reaffirms our commitment to creating a world-class people culture where our employees can thrive.

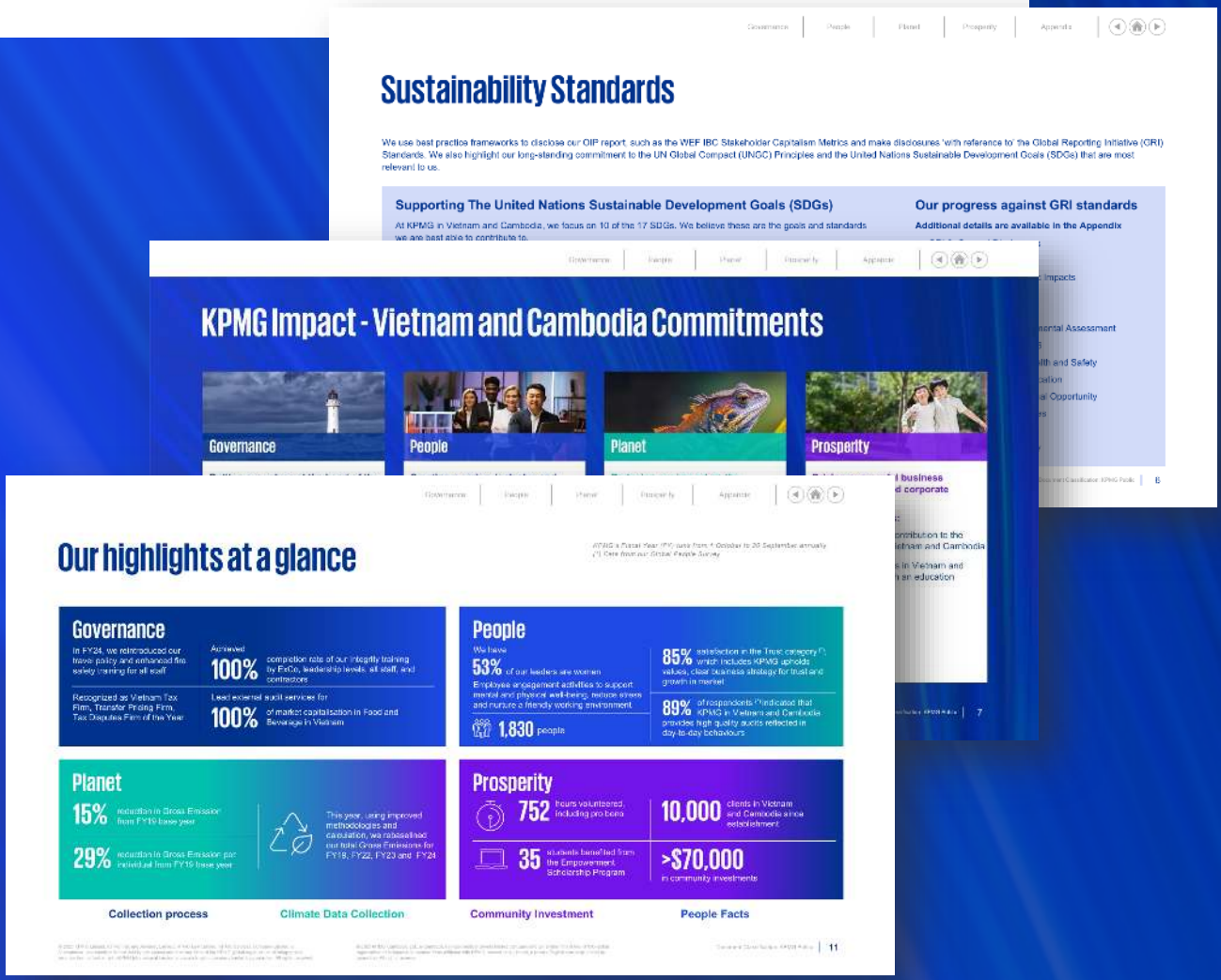


KPMG's Our Impact Plan 2025

Every year, KPMG in Vietnam makes voluntary disclosures about our 19 commitments toward Governance, People, Planet and Prosperity through Our Impact Plan (OIP).

This document provides an extensive Environmental, Social and Governance (ESG) evaluation for our internal activities in these areas which demonstrates our progress in developing a sustainable business and embedding ESG principles throughout our operations.

This year, our report introduces a fresh emphasis to our Planet commitments - our pathway to net-zero emissions. We initiated Our Impact Plan Committee of Partners committed to lead the changes needed to achieve net-zero emissions and genuine equality within KPMG.





03

Unveiling sectoral potential

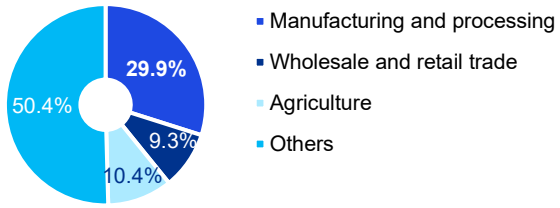
Industrial Manufacturing (1 of 2)

With its competitive manufacturing industry, Vietnam will remain one of Asia's fastest-growing economies in 2023-27. Despite the global instability ahead, there is high hope for manufacturing to be the growth driver for Vietnam's economy in 2025.

1. CONTRIBUTION TO THE ECONOMY

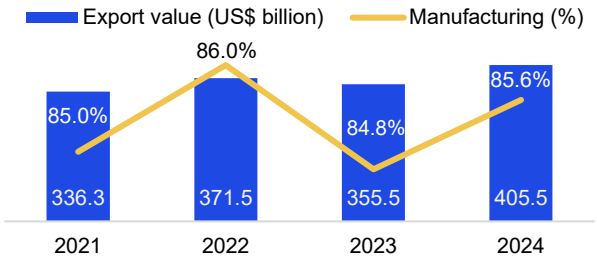
Vietnam's manufacturing and processing industries contributed about 30% of its GDP in 2024. Through Industry 4.0, advanced technologies have significantly increased the manufacturing sector's competitiveness.

GDP contribution by sector, 2024



Over the past four years, the value of manufactured goods has consistently accounted for over 80% of Vietnam's total exports. Expansion in the electronics, machinery, and footwear industries is expected to be the key driver of future export growth.

Manufacturing contribution to export



Vietnam's export performance is expected to remain strong due to multinational corporations shifting production operations to the country.

Top 3 Exports, 2024 (US$ billion)

Telephones and parts	Computers, Electronics	Machinery, Instruments
53.8	72.5	52.2
▲ 1.3%	▲ 26.6%	▲ 20.9%

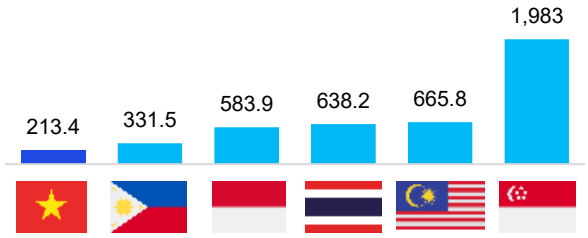
(year-on-year growth)

Source: NSO, Ministry of Industry and Trade, TMX

2. FAVORABLE CONDITIONS

As developed nations are diversifying supply sources, supply chains, and investment destinations, Vietnam's industrial production is poised to recover in the coming years.

Factory worker salaries, 2025 (US$/month)



A Vietnamese worker earns around US$213 a month, about one third compared to their Thai counterparts, making Vietnam a competitive country in the region.

17 signed FTAs allow the country to focus on higher-tech goods like electronics, machinery, vehicles, and medical devices. Through diversifying its sourcing partners through larger trade networks, and importing cheaper intermediate goods from partner countries, Vietnam can become more competitive in its exports.

Vietnam actively supports its manufacturing sector through a combination of tax incentives, strategic location policies, and targeted development programs.

Key regulatory supports

- Resolution 68-NQ/TW, introduced on 04 May 2025, highlights Vietnam's intent to entice investment into high-growth industries where foreign capital and expertise are particularly valuable, including high-tech manufacturing. This opens new avenues beyond the country's traditional appeal as a low-cost manufacturing base.
- In accordance with Decree No. 182/2024/ND-CP, the Investment Support Fund is expected to positively impact Vietnam's industrial manufacturing sector by providing financial incentives to encourage investment in high-tech industries and R&D.
- Prime Minister on 21 September 2024, signed Decision No. 1018/QĐ-TTg, outlining a strategy for Vietnam's development of semiconductor industry until 2050.

Meet our expert



Le Thi Kieu Nga
Partner, Head of Tax Advisory

Stay up-to-date

Use this link or scan the code to sign up for KPMG's Industrial Manufacturing Quarterly Newsletter

Semiconductor industry roadmap

Prime Minister Pham Minh Chinh in September 2024 signed Decision No 1018/QĐ-TTg, outlining a strategy for the development of Vietnam's semiconductor industry until 2050. The strategy includes a three-phase roadmap.



Phase 01

(2024 – 2030)

- Selectively attract FDI investment to develop the sector
- Develop a number of specialized semiconductor products used in a number of industries and fields.

100 design enterprises

10 Semiconductor product packaging & testing enterprise

01 Semiconductor chip manufacturing plant

Revenue US$25 billion /year
Added value: 10 - 15%

50,000+ engineers and bachelors

Phase 02

(2030 – 2040)

- Develop the semiconductor industry based on both domestic resources and FDI
- Gradually become self-sufficient in designing and manufacturing specialized semiconductor products

200 design enterprises

15 Semiconductor product packaging & testing enterprises

02 Semiconductor chip manufacturing plants

Revenue US$50 billion /year
Added value: 15 - 20%

100,000+ engineers and bachelors

Phase 03

(2040 – 2050)

- Master research and development in the semiconductor field.
- Complete the domestic semiconductor industry ecosystem, with leading capacity in some stages and segments of the production chain.

300 design enterprises

20 Semiconductor product packaging & testing enterprises

03 Semiconductor chip manufacturing plants

Revenue US$100 billion /year
Added value: 20 - 25%

The human resources in the semiconductor industry has a suitable structure and quantity, meeting the development needs.

Source: Vietnamese Government

Consumer Markets (1 of 2)

Vietnam has favorable conditions for the Consumer goods and retail sector to grow.

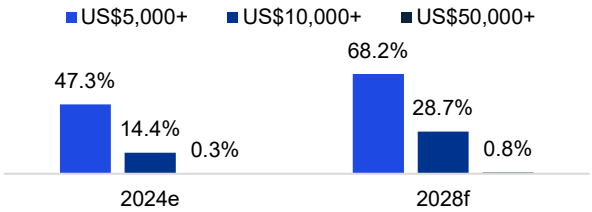
1. GROWTH DRIVERS

The expanding middle class in Vietnam presents appealing opportunities for the consumer goods and retail sectors.

By 2028, 68.2% of households are projected to earn over US$5,000 and 28.7% will have income exceeding US$10,000.

Despite this burgeoning middle class, further development is needed to tap into the high-end segment, where only 0.8% have a disposable income above US$50,000.

Household disposable income range (% total population)



Vietnam is undergoing a notable population shift from rural to urban areas, reflected in the increasing urbanization rate.

According to Vietnam's sustainable development scheme of urban areas by 2030, with vision until 2045, urbanization rate would be around 45% by 2025 and grow to 50% by 2030.

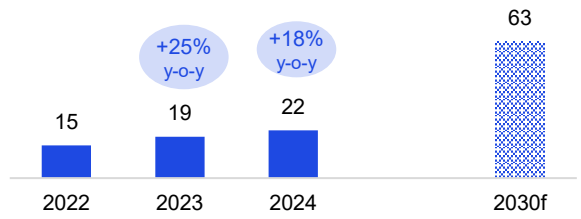
Higher urbanization levels generally enhance market attractiveness for businesses due to developed logistics, concentrated consumers, and increased spending power.

Urbanization rate



This trend supports the expansion of e-commerce, as urban residents, with their busy lifestyles, are more inclined to adopt online retail channels. This is also in line with the country's growth in internet coverage and digital wallet systems. In 2024, Vietnam's gross merchandise value for e-commerce reached US$22 billion while the gross transaction value for digital payments reached US$149 billion, both are up 18% y-o-y.

Gross merchandise value – E-commerce (US$ billion)

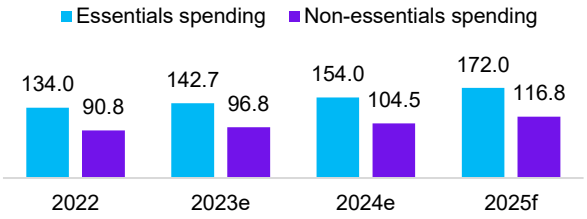


Source: Fitch Solutions, DataReportal, Google, Temasek, and Bain & Company

2. SPENDING CATEGORIES

Over 2024, essentials continue to account for a lion's share in the Vietnamese household budget, representing 59.6% of consumer spending. A price-conscious consumer base with strong saving inclinations translates to essential spending dominating the market.

Essential and non-essential spending (US$ billion)



Fitch's category definitions:

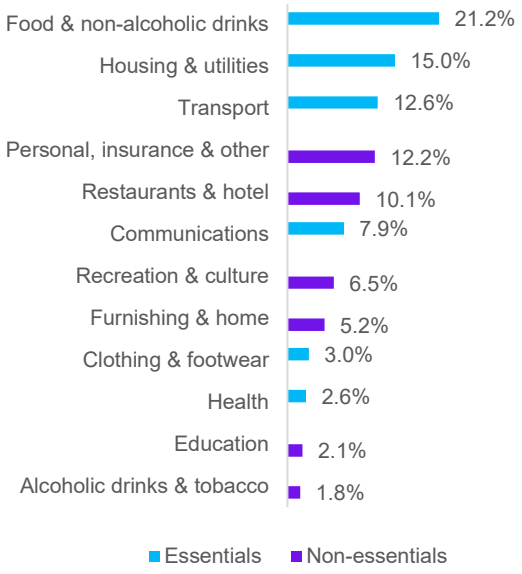
- Essentials: Food and non-alcoholic drinks; clothing and footwear; housing and utilities; communications and transport

- Non-essentials: Alcoholic drinks and tobacco; furnishing and household goods; health; recreation and culture; education; restaurants and hotels; insurance and financial services; personal care, social protection and miscellaneous goods & services

Like many developing markets, food and drink represents the largest portion of expenditure in Vietnamese household spending.

Nevertheless, in the long-term, rising incomes will gradually allow spending to be diverted from necessities, expanding the non-essential categories such as personal, insurance and restaurants and hotels.

Total household spending breakdown 2025f (% of total)



Consumer Markets (2 of 2)

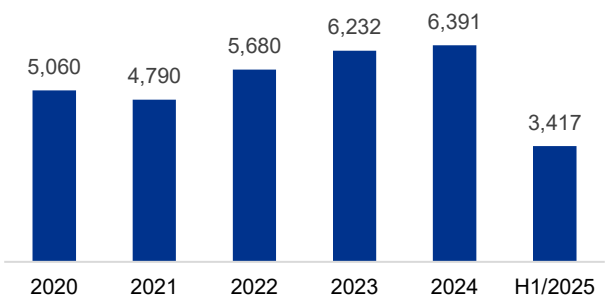
The Consumer goods and retail sector in Vietnam is forecast to recover but cautiously in 2025. However, its demographics and governmental supporting policies open great opportunities for investment.

3. 2026 OUTLOOK

In the first half of 2025, the retail sales of consumer goods and services in Vietnam reached VND3,417 trillion, up 9.3% compared to the same period last year. Given positive statistics, Vietnam's retail market continued to attract foreign investors, with 645 new projects, totaling nearly US$754 million in this period.

With a population of over 100 million people, young demographics and rapid urbanization process, Vietnam stands out as a potential market for investors in the consumer goods and retail industry.

Retail sales of consumer goods and services (VND trillion)



Grocery retailer outlets by channel

Channel	No. of outlets (2024)	2019-24 CAGR
Convenience stores	1,316	6.1%
Supermarkets	7,055	6.3%
Hypermarkets	85	7.2%

In the upcoming term, retailers and consumer goods manufacturers will also benefit from structural changes in regulatory procedures and policies. This includes the invoicing issuance policy as stipulated in Decree 70/2025, which enhances tax transparency and promotes digital transformation for business, and potentially a draft law on e-commerce to combat counterfeit and poor-quality goods.

On 08 August 2025, the Ministry of Industry and Trade issued Decision No. 2269/QD-BCT, officially approving the domestic market development and consumption stimulus program and strengthening the “Vietnamese people prioritize using Vietnamese goods” campaign for the 2025-2027 period.

The Program aims to stimulate domestic consumption, build a modern, distinctive, and nationwide trade platform, develop retail models and promote digital transformation. It also seeks to connect cross-border trade infrastructure. By 2026–2027, the goal is to position Vietnam among the world’s attractive retail markets.



Customer Experience Excellence!

Our 5th edition of the Vietnam Customer Experience Excellence report focuses on balancing technology and human interaction. The report examines how businesses can integrate advancements in AI with the human touch to meet evolving customer expectations.

Click to explore

Meet our expert



Nguyen Tuan Hong Phuc
Partner,
Head of Customer & Operations Consulting

Stay up-to-date

Use this link or scan the code to sign up for KPMG’s Consumer Markets Quarterly Newsletter

Source: NSO, Ministry of Finance, Ministry of Industry and Trade, Euromonitor, Vietnamese Government

Healthcare

1. HEALTHCARE FACILITIES

In 2022, Vietnam had a total of 1,735 hospitals, comprising 1,400 public and 335 private facilities; the overall CAGR was at 4.5% from 2017 to 2022. This trend is expected to persist, with private hospitals experiencing further growth in the coming years due to increased demand from the expanding middle class and aging population seeking more specialized or personalized healthcare services.

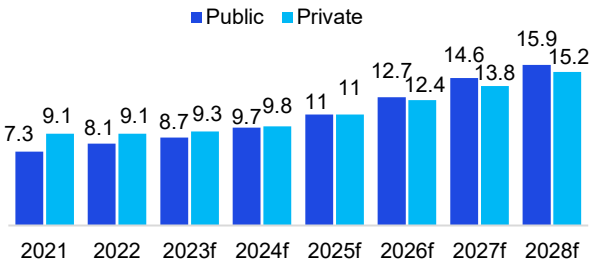
Decentralized healthcare funding system and provinces' fundraising ability have allowed development of several high-tech facilities. However, low capital investment persists for public facilities as they struggle to operate effectively because of overcrowding, poor local infrastructure and inadequate equipment. In February 2024, the Prime Minister has signed Decision 201/QD-TTg approving the Healthcare Network Planning for the period 2021–2030, indicating Vietnam's efforts to modernize and expand existing medical facilities.

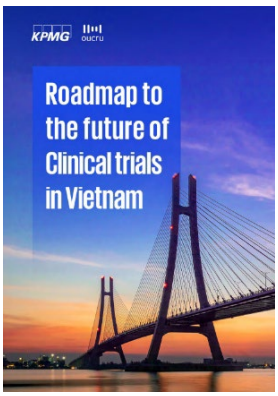
2. HEALTHCARE EXPENDITURE

The expansion of public and private health insurance options, coupled with rising disposable incomes and the goal of achieving universal healthcare access, are driving healthcare spending in Vietnam. This trend is expected to propel spending to US$20.1 billion in 2024 and US$31.7 billion in 2028.

As a developing country with a limited state budget, Vietnam faces challenges with outdated equipment and service quality in public hospitals, making it difficult to meet the growing demand. To address this, the government is looking to the private sector and foreign firms to alleviate the financial and operational pressures on the public healthcare system.

Healthcare expenditure (US$ billion)





Roadmap to the future of Clinical trials in Vietnam

"Roadmap to the future of Clinical trials in Vietnam" report analyzes the country's clinical research landscape. It provides strategies to position Vietnam among ASEAN's top three clinical trial destinations by 2030.

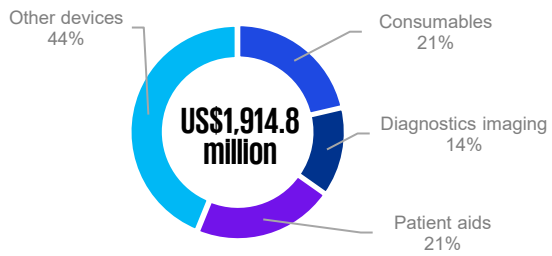
Click to explore.

3. MEDICAL DEVICES

The medical device market will benefit from Vietnam's regional economic outperformance, rising healthcare expenditure and the development of the national health infrastructure.

Vietnam will continue to grow as a manufacturing hub for medical devices companies and gain advantage from the relocation of producers from Mainland China.

Medical device market value by product area, 2024f



4. PHARMACEUTICALS

The demand for pharmaceutical products in Vietnam is expected to continue expanding due to factors such as population growth, rising healthcare awareness, and the increasing prevalence of chronic diseases. Sales are projected to reach US$6.4 billion in 2024 and US$8.7 billion in 2028.

However, Vietnam currently imports 55% of its medicines due to limited domestic research and development capabilities, and production not meeting EU-GMP or PIC/S-GMP standards. New generation FTAs are expected to boost growth by enabling domestic producers to expand exports, access investment capital and advanced technology to meet international standards, and by attracting more foreign companies through tariff benefits.

Meet our expert



Luke Treloar

Partner, Head of Healthcare and Life Sciences

Stay up-to-date

Use this link or scan the code to sign up for KPMG's Life Sciences and Healthcare Monthly Newsletter

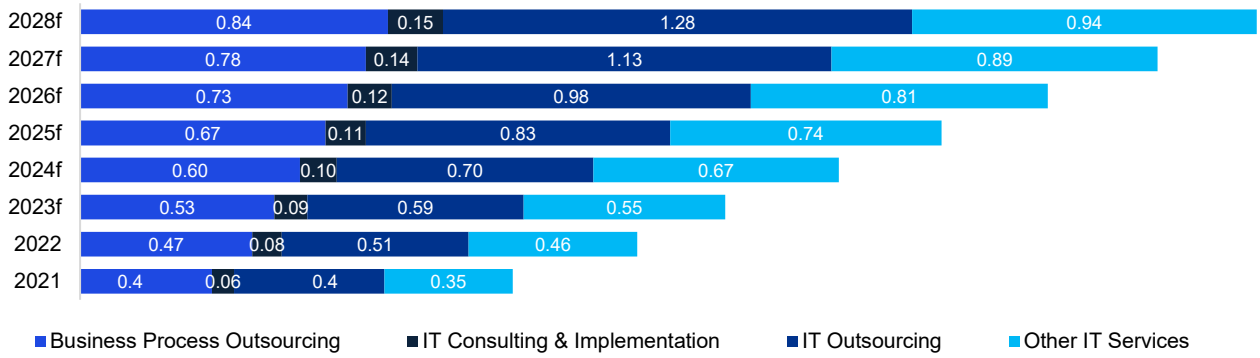
Source: Ministry of Health, Department of Medical Service Administration, Fitch Solutions, EIU

Technology (1 of 2)

1. INDUSTRY OVERVIEW

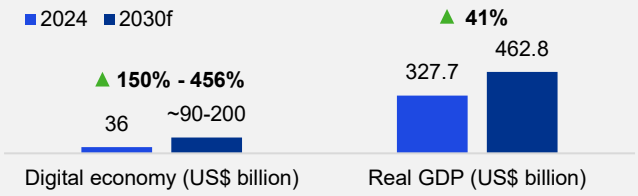
Vietnam's IT Services market is expected to generate US$2.07 billion in 2024, with IT Outsourcing dominating the sector. A CAGR of 11.51% is projected for 2024-2028, indicating a market value of US$3.2 billion by 2028.

IT services revenue by segment (US$ billion)



Vietnam led Southeast Asia's digital economy growth in 2024 with a 16% increase from US$31 billion in 2023 to US$36 billion. Vietnam's digital economy is expected to grow over three times as fast as GDP through 2030. It was an encouraging sign as Vietnam transitioned from resilience to resurgence

Digital economy vs GDP growth



Despite global macroeconomic headwinds, Vietnam is on track to realize the government's target of the digital economy to account for 30% of GDP by 2030.

In 2024, local tech enterprises with advancing capabilities are key contributors to Vietnam's tech value chain.

Growth in scale

73,788 digital technology enterprises (▲10.1% year-on-year)

1.26 million workers employed in the Information and Communication Technology (ICT) sector

Economic contribution

US$158 billion was the total revenue of Vietnam's digital tech companies (▲10.2% year-on-year)

US$11.5 billion was the total overseas revenue from 1,900 digital tech enterprises (▲54% year-on-year)

US$133 billion of export revenue from hardware and electronics (▲10.4% year-on-year)

31.8% of the total ICT industry revenue was contributed by domestic value-added in ICT (▲3.1% year-on-year)

Source: Statista, Google, Temasek, and Bain & Company, Ministry of Information and Communications

Technology (2 of 2)

2. IMPROVING INNOVATION CAPABILITIES



The GII 2025 shows what is the current state of innovation in Vietnam, how rapidly is technology being embraced and what are the resulting societal impact:

	GII Position	Innovation Inputs	Innovation Outputs
2022	48th	59th	41st
2023	46th	57th	40th
2024	44th	53rd	36th
2025	**44th**	**50th**	**37th**

Findings from GII 2025 revealed that:

- Relative to GDP, Vietnam is performing above expectations for its level of development. The country effectively translates innovation investments into innovation outputs.
- This is the first time Vietnam ranks first globally for creative goods exports. The top position reflects not only growth in production volume and value, but also creative capacity, with products that feature innovation, design, and cultural identity. This also indicates reduced reliance on simple, low-cost manufacturing and increased diversification toward high-tech, value-added, and creative goods.
- Among the seven areas that GII comprises, Vietnam ranks highest in creative outputs, knowledge and technology outputs, and Market sophistication.
- Structural challenges persist, with input indicators such as R&D capacity, higher education, skilled human resources, and research infrastructure remain modest.

3. EMERGING THEMES IN DATA GOVERNANCE IN VIETNAM

Several positive themes are emerging in data governance, attracting investor attention. These themes include:

Data center growth	Cloud adoption, 5G rollout, and tightening data privacy regulations create a significant growth opportunity for data centers in Vietnam, both greenfield (new) and brownfield (existing). This growth will require effective data center deployment strategies.
New Personal Data Protection Law	Taking effect on 01 January 2026, the new Law represents a significant advancement, and a more comprehensive framework, establishing property rights for data owners and imposing strict requirements for cross-border transfers.

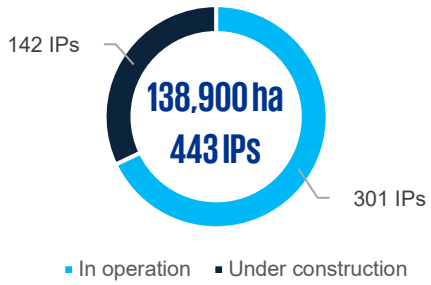
Source: Ministry of Information and Communications, Statista, World Intellectual Property Organization, Google, Temasek, and Bain & Company, EIU

Building, Construction & Real Estate (BCRE) (1 of 2)

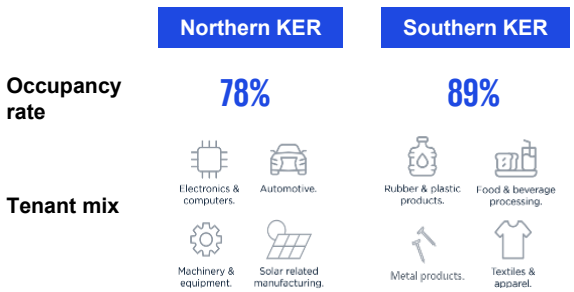
Despite economic challenges, Vietnam's real estate market showed signs of recovery in 2024, driven by favorable policies and retail sector growth.

1. INDUSTRIAL SEGMENT

Despite the overall struggles, the industrial segment in Vietnam demonstrated robust performance across various asset types and regions, driven by strong demand.



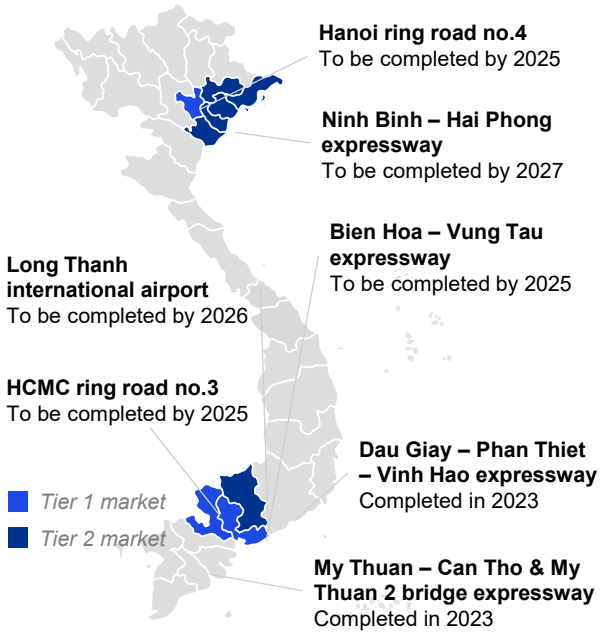
Policies promoting high-tech investment spurred interest in warehouses, cold storage facilities, logistics centers, and data centers, with significant FDI inflows into the manufacturing and processing sector contributing to impressive industrial park occupancy rates in 2024.



The establishment of a research and development center in Vietnam by NVIDIA, a leading global company in AI and semiconductor technology, is expected to significantly spur the demand for high-tech zones and boost the value of industrial properties in the area. The presence of NVIDIA is also anticipated to attract more investment from other major technology companies, further enhancing the quality of industrial parks and creating opportunities for the development of modern infrastructure and supporting service industries.

On the other hand, stronger M&A activities of major real estate developers, expansion of new players and new funding sources also fuel the market growth.

Key infrastructure projects – growth driver of the industrial segment



Anticipated completion of key infrastructure projects like the North-South Expressway expansion is set to further boost investment in the industrial segment.

Both the Northern and Southern regions are expected to witness increased industrial segment supply, fueled by emerging high-tech industries and traditional sectors, leading to rising demand for multi-storey multi-use warehouses and ready-built factories.

2. RETAIL SEGMENT

In 2024, Vietnam's retail market demonstrated strong resilience in supply, with significant expansions led by international retail groups such as Lotte Group and Central Retail, launching notable projects in Hanoi. Additionally, AEON Group announced plans to open its ninth shopping center in Vietnam AEON Xuan Thuy in January 2025, reinforcing the sector's positive trajectory. Meanwhile, new retail supply in HCMC was clustered in non-CBD* area, driven by expanding urban developments. For CBD supply, Marina Central Tower and Lancaster Legacy are projected to be launched in 2025.

Occupancy rate improved in both locations, with HCMC showing outstanding absorption throughout 2024, thanks to the expansion of both domestic and international brands, which focuses on F&B and sporting chains. In 2025, it is forecasted that Vietnam's market will attract new entries from Chinese, as well as niche brands.

Source: CBRE, Savills

BCRE (2 of 2)

2. RETAIL SEGMENT (cont')

Hanoi and Ho Chi Minh City experienced substantial rental growth driven by the expansion of luxury brands and reduced vacancy rates, despite the challenging economic environment.

The luxury retail segment remains particularly vibrant, benefiting from high demand amid limited suitable supply, attracting continued interest and expansion from international retailers. This positive momentum is expected to sustain Hanoi's retail market growth through 2025 and beyond. Meanwhile, thanks to its growing middle-class population, HCMC stays a strategic hub for foreign brands in the luxury segment.

3. OFFICE SEGMENT

In 2024, Grade A buildings in HCMC witnessed improvement in occupancy in 2024 as new buildings filled up. In Hanoi, Grade A increased in space availability as big corporations prepare for relocation in 2025, while performance of Grade B were positive. However, vacancy rates in both locations remained in double digits. Office clusters were extending to the West of West Lake in Hanoi and Thu Thiem area in HCMC.

	HCMC	Hanoi
Key tenants	Financial Services, IT, Manufacturing	Financial Services, IT
Major purpose	Expansion *53% of recorded transactions*	Relocation *75% of recorded transactions*

From 2025 to 2026, the office real estate market is projected to have a moderate pipeline, with new Grade A buildings developed mainly in Hanoi, while only 3 new projects are to be established in HCMC.

In the upcoming years, Vietnam will emerge as a digital and innovation hub, attracting an influx of newly established businesses in the country and hence new tenants to the office real estate market.

ESG factors in the office real estate market

The growing commitment to sustainability is driving demand for offices with green certifications like LEED and Green Mark. Energy-saving, green certifications, and on-site renewable energy solutions are key factors influencing office real estate transactions. According to the Ministry of Construction, as of Q3/2024, Viet Nam has over 500 green buildings, which far surpasses the original target of 80 projects by 2025. This remarkable achievement showcases the relentless efforts of the real estate industry to align with global sustainability trends. The green certification also guarantee the project's competitive edge in the market.

4. RESIDENTIAL SEGMENT

The supply of residential real estate in 2025 is forecasted to grow by about 10% yoy. Thanks to improved legal framework, many projects have been cleared of obstacles and re-implemented in 2024, thus many projects also have launching plans so as to take advantage of the market's recovery. However, the real estate supply mostly comes from large urban areas in the provinces and cities in the Northern region, developed by large investors.

The condominium segment currently dominates in the real estate market; housing demand is gradually shifting to suburban areas, tier 2 and tier 3 cities, where prices are lower and there is still room for growth in the future. Meanwhile, landed property with good legal status in areas with developed infrastructure is eagerly sought for. Besides the large-scale urban projects, the residential market in 2025 may be further fueled by small-scale projects.

Regulatory Landscape

- The National Assembly passed the amended Law on Real Estate Business at the end of November, which took effect from 01 August 2024. This comprehensive law details regulations on real estate business, the rights and obligations of organizations and individuals involved, and state management of the sector. The new law is expected to provide essential guidelines for the real estate industry.
- Land Law 2024 was passed on 18 January 2024, and effective from 01 August 2024. It aims to simplify legal procedures and is expected to help stabilize real estate prices.
- Housing Law 2023 was passed on 27 November 2023, and effective from 01 August 2024. It continues to improve the framework to reduce risks for homebuyers and address issues in implementing social housing policies

Source: CBRE, Savills, Government News, Tap chi Tai chinh, VARS

Meet our expert



Luu Bao Lien
Partner, Head of Real Estate

Stay up-to-date

Use this link or scan the code to sign up for KPMG's Real Estate Quarterly Newsletter

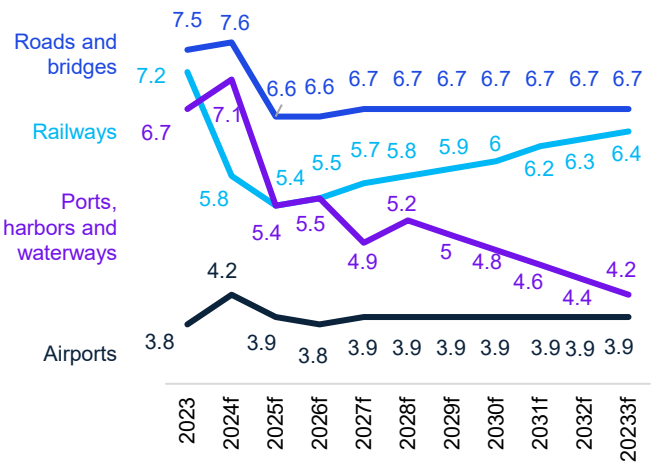
Land transport to observe the strongest growth in transport infrastructure

Solid macroeconomic conditions, urbanization trends, and government reforms are poised to drive rapid growth in Vietnam's infrastructure over the next decade.

1. OVERVIEW

Despite a post-COVID slowdown, increased government spending is expected to fuel the sector's recovery, driving progress on key infrastructure projects. The sector is forecast to expand by 6.1% on average from 2024 to 2033, with the greatest growth forecasted for roads, bridges, and railways.

Sub-sector value real growth (% y-o-y)



2. STRONG ONGOING GOVERNMENT COMMITMENT

The National Assembly recently issued Resolution No. 192/2025/QH15 on supplementing the Socio-Economic Development Plan for 2025 with a growth target of 8% or more. The resolution clear states the key solution to achieve this growth target is to concentrate resources on developing infrastructure, unblock and effectively use public investment resources. The National Assembly approved an additional VND84,300 billion in public investment capital from increased revenue and state budget expenditure savings in 2024 and targets the disbursement rate to reach 95% to speed up the implementation of projects with the ability to absorb capital (highways, coastal roads, etc.) in 2025.

In 2025, the Ministry of Transport plans to complete component projects, connecting the North-South expressway in the East and, work in sync with localities to complete a number of expressway projects to achieve the goal of putting 3,000km of expressway into operation; complete and connect the Ho Chi Minh road; complete the key components of the Long Thanh International Airport Project.

3. MAJOR PROJECT PIPELINES – LAND TRANSPORT INFRASTRUCTURE

Heading to 2026

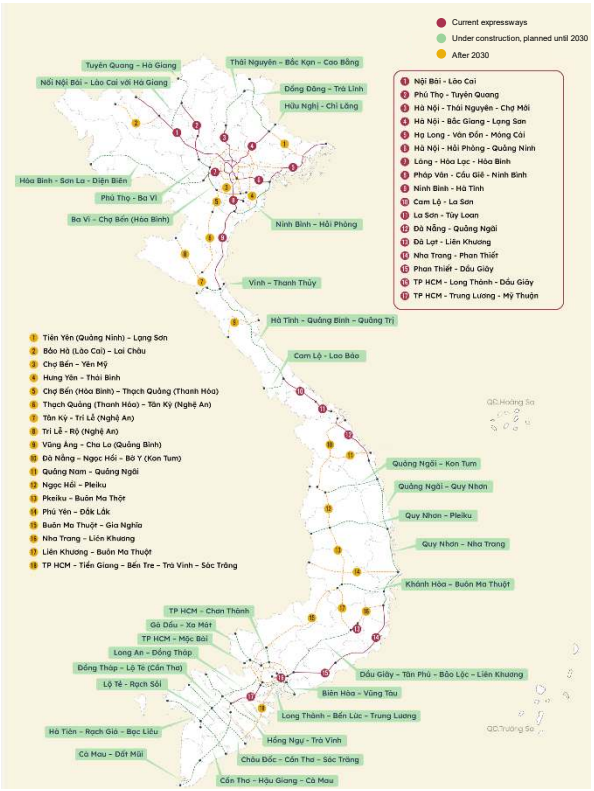
Roads:

- Vietnam currently has nearly 2,000km of expressways, and the figure will be increased to 3,000km by 2025 and 5,000km by 2030.
- This ambitious plan also includes the construction of 10 major crossings of the Red River in Hanoi city by 2030.

Railways:

- Vietnam plans on upgrading railway links on the Kunming-Haiphong route between Vietnam's Lao Cai Station and China's Hekou North Station.
- By 2030, Vietnam plans to expand its rail network to 2,362km, prioritizing the construction of the North-South High-speed Railway, especially the Hanoi-Vinh (281km) and HCMC-Nha Trang (370km) sections. Existing railway lines will also undergo renovation and upgrade.

Proposed expressway network until 2030*



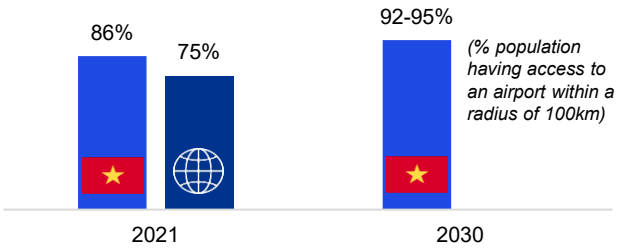
Source: National Assembly, Fitch Solutions, Vietnam Investment Review, Ministry of Construction, Ministry of Transport

** Map published on 03 March 2025, prior to the provincial merger in Vietnam*

Air transport Infrastructure (1 of 2)

With an airport network that exceeds the global average, Vietnam's airports are set to offer increased accessibility per the approved master plan[1].

Accessibility to airports



Master planning by 2030[2]

24,195ha Land use

31 Airports in total (16 domestic, 15 international)

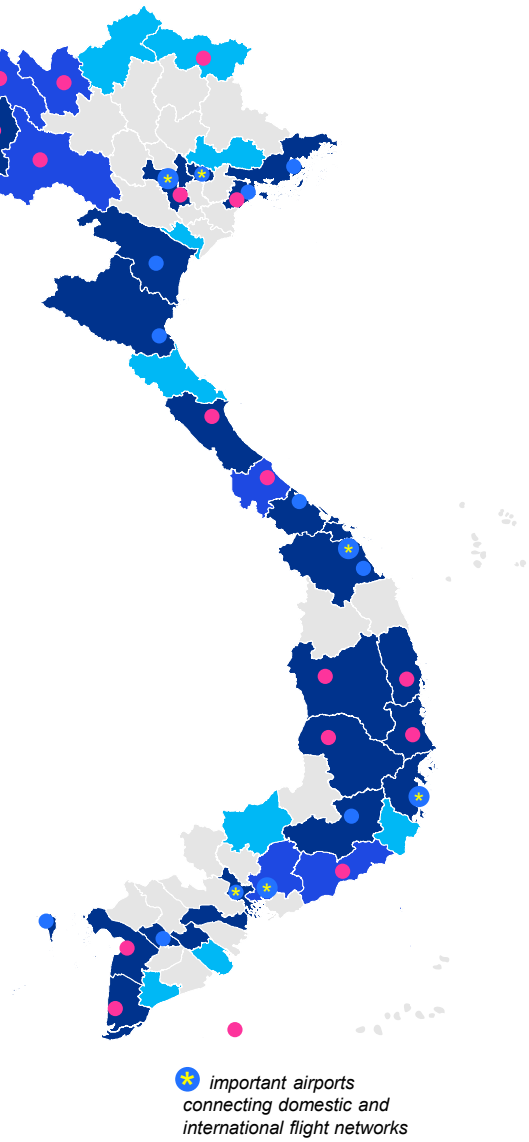
VND438 trillion Investment capital

	Domestic	International
2023	Buon Ma Thuot (Dak Lak) Ca Mau (Ca Mau) Con Dao (BR-VT) Dien Bien Phu (Dien Bien) Dong Hoi (Quang Binh) Phan Thiet (Binh Thuan) Phu Cat (Binh Dinh) Pleiku (Gia Lai) Rach Gia (Kien Giang) Tuy Hoa (Phu Yen)	*Cam Ranh (Khanh Hoa) Can Tho (Can Tho) Cat Bi (Hai Phong) *Da Nang (Da Nang) *Noi Bai (Hanoi) Lien Khuong (Lam Dong) Phu Bai (Hue) Phu Quoc (Kien Giang) *Tan Son Nhat (HCMC) Tho Xuan (Thanh Hoa) Van Don (Quang Ninh) Vinh (Nghe An)
2030	Lai Chau (Lai Chau) Na San (Son La) Quang Tri (Quang Tri) Sa Pa (Lao Cai) Thanh Son (Ninh Thuan) Bien Hoa (Dong Nai)	Chu Lai (Quang Nam) *Gia Binh (Bac Ninh) *Long Thanh (Dong Nai)
2050	2nd airport (Hanoi) Cao Bang (Cao Bang) Hai Phong (Hai Phong)	

22

+9

+3



important airports connecting domestic and international flight networks

Trends & Opportunities

- Favorable legal environment has opened opportunities for **private investors** to engage in airport development in Vietnam. So far, Van Don Airport is the first privately owned airport in Vietnam, invested in the form of BOT and wholly operated by a private business instead of the Airport Corporation of Vietnam (ACV).
- Gia Binh Airport is set to become **northern Vietnam's largest airport** and the second-largest airport nationwide, trailing only Long Thanh Airport.
- **Two more projected airports** to be added to national airport network, namely Mang Den (Kon Tum) and Van Phong (Khanh Hoa).
- in preparation for the 2027 Asia-Pacific Economic Cooperation (APEC) forum, Phu Quoc International Airport is set to undergo a **comprehensive upgrade**, positioning it among the most advanced and intelligent airports in the region.

(1) The master plan of the Ministry of Transportation on the development of the airport and airport system nationwide from 2021-2030, with a vision to 2050, issued on 07 June 2023
(2) According to Decision No. 142/QD-BGTVT dated 12 February 2025 Approving the adjustment of the Master Plan for the development of the national airport and seaport system for the 2021-2030 period, with a vision to 2050.

Note: The map of Vietnam and the localities mentioned on this page is based on information released before the official provincial merger on 01 July 2025.

Source: Ministry of Transport, Trade Press

Air transport Infrastructure (2 of 2)

Long Thanh International Airport, one of the country's the largest infrastructure projects, is planned to alleviate traffic congestion at Ho Chi Minh City's Tan Son Nhat Airport.

PROJECT OVERVIEW

- **US$16 billion** Total project investment
- **4** Runways (4,000mx75m) **4** Passenger terminals **1** Cargo terminal
- **100 million** Passenger/ year in design capacity
- **5 million** Tons of cargo/ year in design capacity

PHASE 01 OVERVIEW

- **US$4.7 billion** Investment in Phase 01
- Construction start date **05 Jan 2021**
- **Construction item**
  - **1** Runway **4** Sub-projects
  - **1** Passenger terminal (370,000 m^2)



Phase 01

A 4,000m long runway, taxiways and aprons will be developed to exceed its capacity of 25 million passengers and 1.2 million tons of cargo p/a by 2025.

According to a representative from ACV (Airports Corporation of Vietnam), the construction progress of Long Thanh airport phase 1 is expected to be basically completed before 19 December 2025 and put into commercial operation in the first half of 2026.

Phase 02

The project will develop the second runway and expand the passenger terminal to raise capacity to 50 million passengers and 1.5 million tons of cargo p/a.

Phase 03

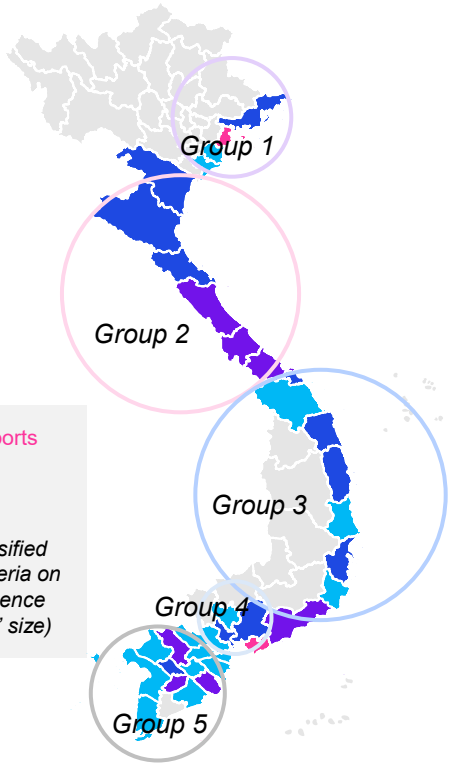
The US$16 billion (total) project is designed to have a capacity for 100 million passengers and five million tons of cargo p/a by 2050.



Source: Ministry of Transport, Vietnamese Government, VNEconomy

Waterway transport system

Vietnam has 34 seaports along its 3,400km coastline, but the port infrastructure differs from region to region. The capacity and efficiency of port infrastructure have increased as a result of recent investments.



02 Special-type ports
11 Type I ports
07 Type II ports
14 Type III ports

(graded and classified based on the criteria on the scope of influence and the seaports' size)

Source: Vietnamese Government (2022), Vietnamese Government (2025)

Note: The map of Vietnam on this page is based on information released before the official provincial merger on 01 July 2025.

On 16 January 2025, the Prime Minister of Vietnam issued Decision No.140/QD-TTg, approving the detailed planning of seaports, ports, wharves, floating terminals, water areas, and water regions for the period 2021 - 2030, with a vision to 2050. This Decision stipulates the objectives and detailed development plan for Vietnam's seaport system.

US$14.1 billion Required investment capital in the seaport system by 2030

	Group	Until 2030	Average y-o-y growth until 2050
Cargo throughput (million tons)	1	322-384	5.0-5.3%
	2	182-251	3.6-4.5%
	3	160-187	4.5-5.5%
	4	500-564	3.5-3.8%
	5	86-108	5.5-6.1%
Passenger throughput ('000)	1	281-302	1.5-1.6%
	2	374-401	0.4-0.5%
	3	3,400-3,900	1.7-1.8%
	4	2,800-3,100	0.9-1.0%
	5	10,500-11,200	1.1-1.25%

According to the Container Port Performance Index (CPPI) 2020-2024 by the World Bank and S&P Global Market Intelligence, Cai Mep port retains its 7th position among the world's 403 most efficient container terminals and port clusters.

Hai Phong Port has an impressive leap, climbing 40 spots to enter the global top 30 and earning recognition among the ports with the strongest improvements. Meanwhile, Saigon, Cat Lai, Da Nang, Quy Nhon, and Chu Lai ports also appears in the rankings, promoting the country's robust integration with the global logistics transport chain.

Source: World Bank's CPPI report 2020-2024

"The development of high-quality and efficient container port infrastructure is a key contributor to successful, export-led growth strategies both in developing and developed countries."

Martin Humphreys – Lead Transport Economist and Global Lead for Transport Connectivity and Regional Integration, World Bank

Future Outlook

Short-term

- Vietnam's trade with key partners remains unaffected by shipping reroutes and disruptions, making it an attractive destination for businesses seeking reliable supply chains.

Medium-term

- The operational inefficiency at many of Vietnam's ports will create opportunities for global port operators and maritime services companies in terms of management and consulting.

Long-term

- As Vietnam positions itself as a lower-cost manufacturing hub compared to its neighbors, the improvement of existing port efficiency is becoming increasingly crucial. Therefore, investments in the ports segment are expected to focus on integration with surrounding road and rail networks, ultimately enhancing the overall logistics landscape in Vietnam.

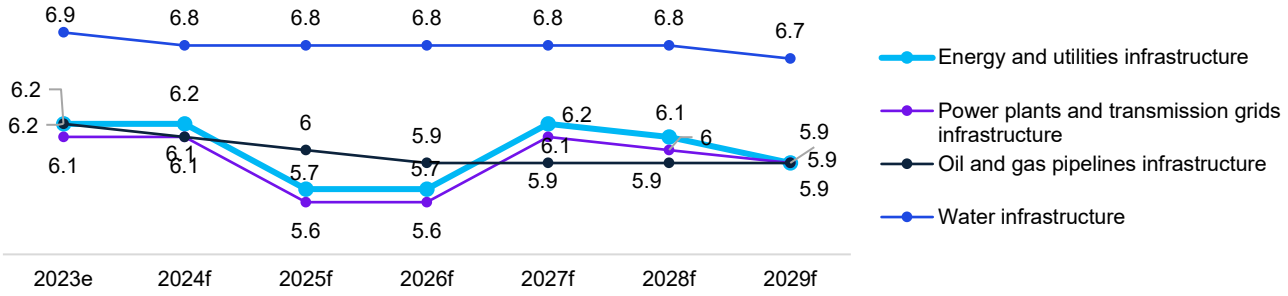
Source: Ministry of Transport, Fitch Solutions, SSI Research, Ministry of Industry and Trade

**The Container Port Performance Index (CPPI) is based on total port hours per ship call, defined as the elapsed time between when a ship reaches a port to its departure from the berth having completed its cargo exchange.*

Energy & Utilities

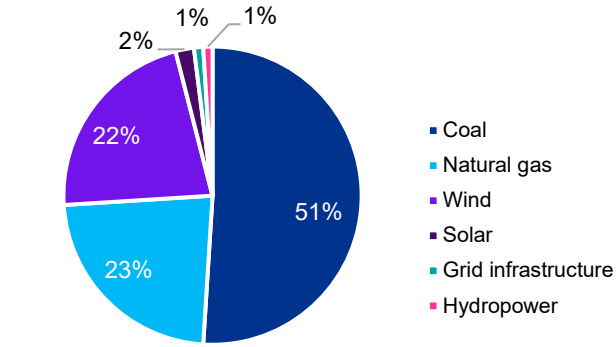
By 2031, the energy and utilities sector is expected to grow at an average annual rate of 5.7%, driven by urbanization and manufacturing expansion.

Energy and utilities infrastructure industry growth (% y-o-y)



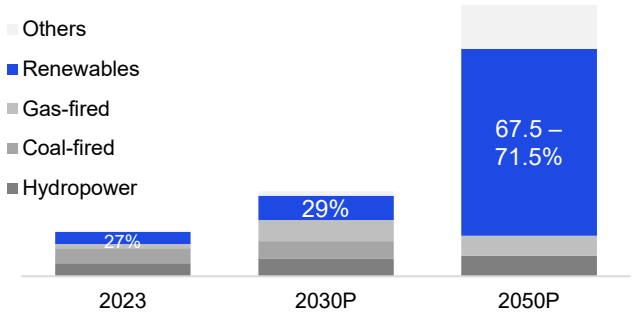
Source: Fitch Solutions

Pipeline value by type



Source: Fitch Solutions Key Projects Database Q1 2025

Share of installed capacity by power source(1)



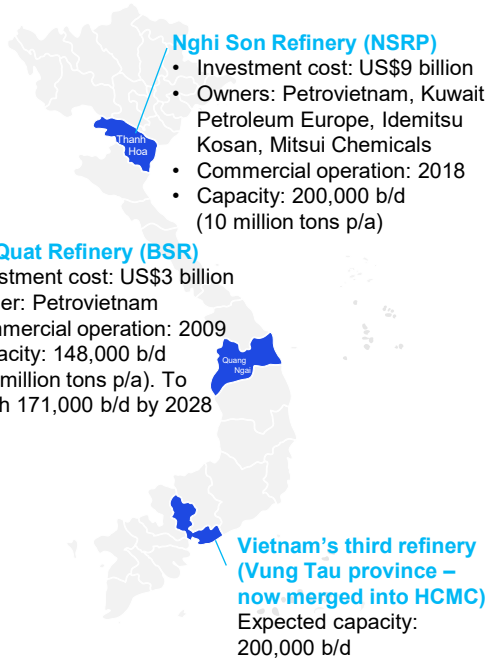
(1) Based on PDP8

Structural Trends

- As Vietnam embraces hi-tech development, including AI, data center and electric vehicle production, the demand for energy is expected to surge. These sectors require stable, high-capacity power sources, making energy infrastructure a critical enabler of growth.
- PV Gas, under state-owned Petrovietnam (PVN), is currently the only LNG importer in Vietnam. The country's first batch of imported LNG was conducted in July 2023. The U.S. has gained significant ground in Vietnam's LNG and power sectors. Japanese, South Korean, and Thai companies have also shown interest in developing Vietnam's emerging LNG power industry.
- Vietnam is the third largest oil-producer in Asia, behind Indonesia and Malaysia. In 2022, the government announced plans to build a third refinery in the southern province of Ba Ria – Vung Tau, with operations planned to start in 2027.
- Hydropower: This source is expected to remain a crucial part of Vietnam's electricity mix for the foreseeable future, although its potential growth will be constrained by a lack of additional sites and escalating environmental concerns among provincial governments.
- Renewables: The PDP8 underscores the government's sustained commitment to prioritizing renewable energy development, aiming for a more than threefold increase in electricity generation from renewable sources, particularly by expanding capacity in the wind and solar sectors.

Source: Fitch Solutions, Ministry of Industry and Trade

Oil refineries in Vietnam



Nghi Son Refinery (NSRP)
- Investment cost: US$9 billion
- Owners: Petrovietnam, Kuwait Petroleum Europe, Idemitsu Kosan, Mitsui Chemicals
- Commercial operation: 2018
- Capacity: 200,000 b/d (10 million tons p/a)

Dung Quat Refinery (BSR)
- Investment cost: US$3 billion
- Owner: Petrovietnam
- Commercial operation: 2009
- Capacity: 148,000 b/d (6.5 million tons p/a). To reach 171,000 b/d by 2028

Vietnam's third refinery (Vung Tau province – now merged into HCMC)
Expected capacity: 200,000 b/d

**b/d: barrels of crude oil per day*

Power Development Plan VIII ("PDP8")

PDP8 represents a significant milestone in the country's shift to renewable energy and reaffirms its commitment to sustained economic growth. In April 2025, Vietnamese government approved the Revised PDP8, which has significant changes in capacity, power source structure and renewable energy exploitation orientation, aiming to drive the GDP growth.

Criteria	By 2030	By 2050
(i) Ensuring national energy security		
Provide sufficient electricity for domestic demand and socio-economic development	For average GDP growth rate of about 10.0%/year in 2026 ~ 2030	For average GDP growth rate of about 7.5%/year in 2031 ~ 2050
Commercial electricity	500.4 ~ 557.8 billion kWh	1,237.7 ~ 1,375.1 billion kWh
Electricity production and import	560.4 ~ 624.6 billion kWh	1,360.1 ~ 1,511.1 billion kWh
Maximum capacity	89,655 ~ 99,934 MW	205,732 ~ 228,570 MW
Ensure safe and reliable electricity supply, meeting the N-1 criteria for important load areas and N-2 for especially important load areas and nuclear power sources	The reliability of electricity supply to be in the top 4 leading countries in ASEAN, and electricity access index to be in the top 3	Not mentioned
Self-consumed rooftop solar power	50% of office buildings and 50% of houses	Not mentioned
(ii) Promoting a fair energy transition		
Develop strongly the renewable energy sources (excluding hydropower)	To reach 28 ~ 36%	To reach 74 ~ 75%
Control greenhouse gas emissions from electricity production	To reach 197 ~ 199 million tons	To reach 27 million tons
(iii) Developing industrial ecosystems and renewable energy services		
Set up inter-regional RE centers	To set up 02 inter-regional RE industrial and service centers	Not mentioned
Develop renewable energy and produce new energy for export to Singapore, Malaysia and other regional partners	To reach 5,000 ~ 10,000 MW of export capacity or higher in 2035	Not mentioned

Source: Vietnam Energy, Vietnamese Government

Meet our expert

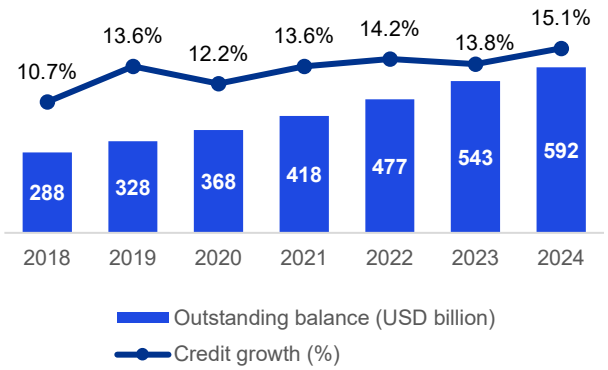


Tran Van Trung
Partner, Head of Power

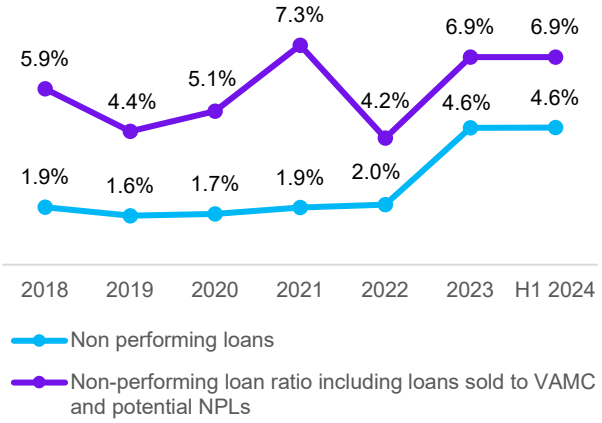
Banking system (1 of 2)

In 2024, public investment, support policies for manufacturing and trading, and real estates regulatory reforms were major drivers for Vietnam's credit growth and this trend is likely to continue in 2025. Meanwhile, pressure from unresolved non-performing loans could affect the short-term business results of banks and pose challenges in maintaining sustainable growth.

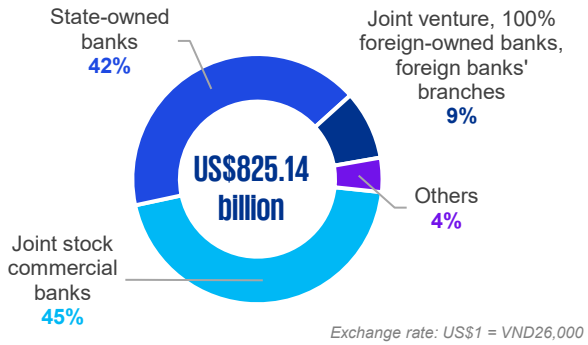
Credit growth in Vietnam, 2018 – 2024



Non-performing loans ratio



Market share by total assets, as of 30 September 2024



Exchange rate: US$1 = VND26,000

- There are 4 state-owned banks, 31 joint stock commercial banks, 9 wholly foreign-owned banks, 2 policy banks, 1 cooperative bank and 2 joint venture banks in Vietnam. Joint stock commercial banks dominate the total assets of the country with a proportion of nearly 45%
- Bank credit is one of the main sources of external funding for Vietnamese businesses. Over the last three decades, the growth of bank credit acted as one of the main growth drivers of the economic growth of Vietnam.
- The State Bank of Vietnam expects system-wide credit growth to be around 16% in 2025. At the same time, the SBV will continue to implement a roadmap to limit and eventually eliminate the allocation of credit growth targets for each credit institution according to Resolution No. 62/2022/QH15 dated 16 June 2022 of the National Assembly.

SBV actively issues and enhances regulations that ensure the well-being of the industry

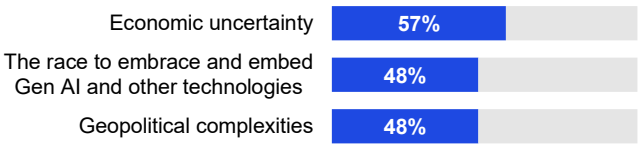
Regulation	Effective date	Summary
Vietnam's new Law on Credit Institutions 2024	01 July 2024	Enhancing financial stability, transparency, and operational prudence of credit institutions, replacing the previous law from 2010
Circular 17/2023/TT-NHNN	08 February 2024	Prescribing audit of compliance with banking and monetary policies and laws, including anti-money laundering (AML)
Decree 13/2023/ND-CP	01 July 2023	Protection of personal data
Decision 1813/QĐ-TTg	28 October 2021	Approving the Scheme on development of non-cash payment in Vietnam during 2021-2025
Resolution 100/NQ-CP	06 September 2021	Approving the proposal to develop a decree on regulatory sandbox of financial technology (fintech) activities in the banking sector
Decision 810/QĐ-NHNN	11 May 2021	Approving plan for digital transformation of banking sector by 2025 with orientations towards 2030
Directive 02/CT-NHNN	07 January 2021	Enhancing prevention and handling violations related to bank card operations

Source: SBV, Financial & Monetary Market Review, VIR, Electronic Finance Magazine, the Saigon Times

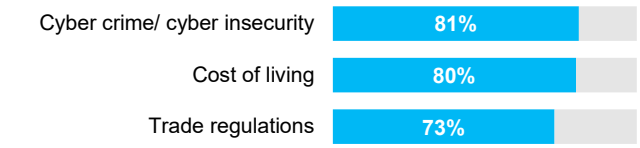
Banking system (2 of 2)

Under the Development Strategy of Vietnam Banking Sector to 2025, with a vision to 2030, the Government focuses on increasing the transparency of local banks and ensuring that the sector functions in accordance with international norms.

Top three challenges



Top negative factors to impact growth



- In 2024, KPMG conducted a survey with 120 banking and capital markets CEOs from 11 key markets (Australia, Canada, China, France, Germany, India, Italy, Japan, Spain, UK and US), with a third hailing from organizations with annual revenues of over US$10 billion.
- Economic uncertainty, the race to embrace Gen AI and geopolitical complexities made it to their top 3 greatest concerns.
- Despite their confident in the risk management programs and regulatory oversight in place, banking CEOs feel less comfortable managing next-generation risks, especially cyber security threats resulting from business digitization and artificial intelligence.

Source: KPMG 2024 Banking CEO Outlook

Directions by SBV

Managing monetary policy and coordinating macroeconomic policy in accordance with global and domestic developments requires a proactive, flexible, and synchronized approach.

To meet the economy's capital needs, credit management needs to be proactive, flexible, and consistent with macroeconomic developments.

Implement a comprehensive and effective restructuring of the bad debt handling system of credit institutions in the period 2021-2025.

Vietnam must strengthen its digital transformation in the banking and non-cash payment sectors in order to meet the requirements for new business models and products.

Enhance legal frameworks to synchronize and streamline monetary policy and banking operations.

Future Outlook

- Banks reported incredible profits despite the recession. This indicates that the banking industry is still able to achieve strong growth despite unfavorable conditions.
- Through non-credit services, such as bancassurance and investment products, banks can achieve new growth while diversifying risks.
- M&A activities are actively ongoing as foreign investors still see the opportunities in the banking industry.
- The banking sector is witnessing the increasing adoption of new technologies, with Generative AI gaining prominence. Traditional banks have to compete with fintech companies and Neobank.
- Cybersecurity remains as one of the key concerns. With the rise of digitalization in the industry, the risk associating with it also increases as a direct result.

Meet our expert



Pham Do Nhat Vinh
Partner, Head of Financial Services

Stay up-to-date

Use this link or scan the code to read our latest publication

Source: SBV, Ministry of Finance, KPMG Analysis

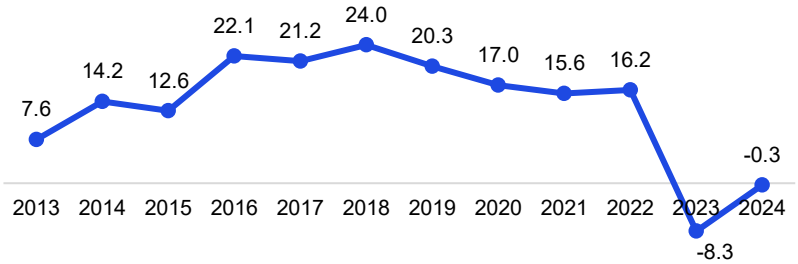
Insurance (1 of 2)

As the Vietnamese population becomes increasingly aware of the benefits of insurance, the insurance industry holds great prospects for development.

With increased awareness, government support, and technological advancements, the insurance industry is poised for significant growth in the coming years.

Furthermore, the insurance industry in Vietnam has witnessed increased foreign investment and partnerships, bringing expertise, technology, and capital, further enhancing its development. In addition to expanding product offerings, these partnerships introduce innovative and customer-centric solutions to meet the changing needs of Vietnamese consumers.

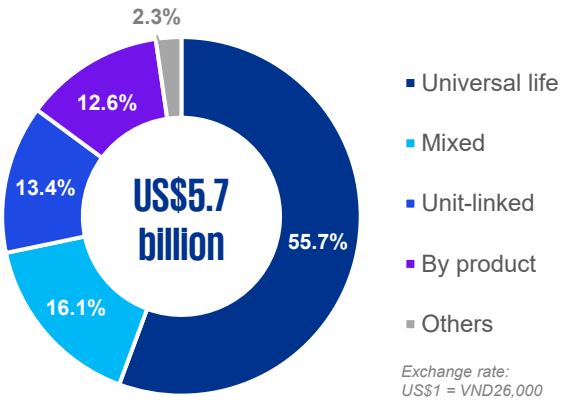
Life & Non-Life Insurance Premium revenue growth (%)



Source: NSO, Ministry of Finance, IAV, Vietstock

1. LIFE INSURANCE

Premium revenue by product type, 2024 (%)

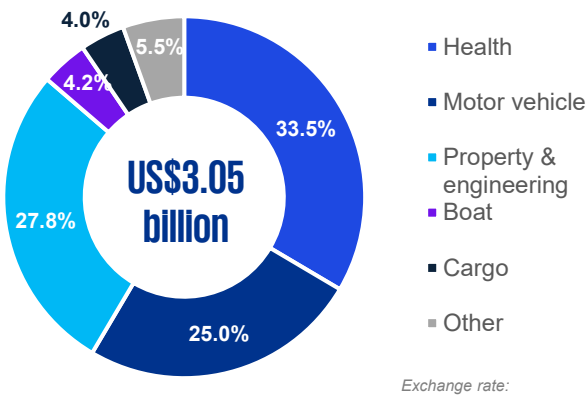


Exchange rate: US$1 = VND26,000

- Life insurance premium revenue in Vietnam is estimated at VND148,050 billion in 2024, shrinking by 5.7% year-on-year. The premium revenue of life insurance companies have been undermined by the sluggish growth in recent years.
- The main reason for the slow growth, according to a representative of a life insurance company, is due to many changes in agent recruitment policies which affect their revenue and cause the number of new agents to stop growing or decrease.
- Statistics from the Insurance Association of Vietnam (IAV) show that the product structure is changing clearly. Regulations tightening the sale of unit-linked insurance, especially through the banking channel, have caused the revenue of this product line to decrease sharply.

2. NON-LIFE INSURANCE

Premium revenue by product type, 2024 (%)



Exchange rate: US$1 = VND26,000

- Non-life insurance premium revenue in Vietnam is estimated at VND79,348 billion in 2024, marking a 11.7% increase year-on-year.
- The Vietnamese non-life insurance market remains attractive for foreign investors, especially South Korean. Most non-life insurance companies in the top 10 market share have capital contributions from Korean investors.
- In addition, M&A activities in the non-life insurance sector also involved Vietnamese groups acquiring domestic insurance companies with small market shares to complete their ecosystems.
- The non-life insurance market in 2025 is expected to continue to grow positively in terms of total insurance premium revenue as there is room for development.
- The sector targets total assets to increase by 2.65% over the same period; reinvestment in the economy to increase by 5.77%, thereby contributing to the common goal of the entire insurance market.

Source: NSO, Ministry of Finance, IAV, Vietstock

Insurance (2 of 2)

The rise of digital solutions and technology adoption have forced traditional insurance providers to adapt and embrace innovation to stay competitive.

3. THE SECTOR PRESENTS BOTH OPPORTUNITIES AND CHALLENGES

Opportunities

- Insurers are expected to benefit from the revised Law on Insurance Business by encouraging innovation and implementing information technology.
- The aging population and the expanding middle class are driving the growth in health insurance demand.
- Technology is no longer just a support tool; it's a critical driver for the insurance industry, helping companies optimize costs and improve the customer experience.

Challenges

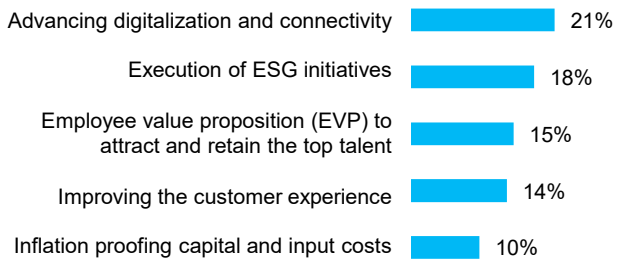
- Despite its popularity, bancassurance has also encountered its fair share of criticisms. Concerns over service quality and trust have also contributed to low consumer confidence in bancassurance.
- There are several barriers that insurance companies must overcome to fully realize the market's potential including Limited Awareness, Compliance with regulatory requirements, and Competition.

4. INVESTMENT PRIORITIES

Insurance CEOs are investing more heavily in digital transformation

68% think that Gen AI is a big threat but **81%** agree it's a top investment priority

Top operational priorities for growth



ESG strategy

Growing awareness of environmental and ESG factors in recent years presents an opportunity for insurance companies to build customer relationships and brand, with nearly 40% of CEOs surveyed. Over a quarter say their ESG strategy is helping them in terms of finance, either by shaping capital allocations or by driving financial performance.

Insurtech

Insurtech is transforming the insurance landscape in Vietnam, offering innovative and efficient solutions to traditional insurance challenges. By leveraging digital technologies, data analytics, IoT, and blockchain, insurtech startups are providing more convenient and personalized insurance experiences to consumers. As the industry continues to evolve, Vietnam's position in insurtech is expected to strengthen, paving the way for new growth opportunities and technological advancements in the insurance industry.

5. MAIN REGULATIONS THAT SHAPE THE INDUSTRY

Year	Regulation	Description
2024	**Law on Credit Institutions (2024 revision)**	Regulates bancassurance, prohibiting banks from linking non-mandatory insurance sales to loans, thereby countering forced insurance purchases in bancassurance models.
2023	**Circular 67/2023/TT-BTC**	Provides detailed guidelines on the responsibilities and operations of life, non-life, and health insurers, as well as reinsurers, under the revised Law on Insurance Business and Decree 46/2023/ND-CP.
2022	**Law on Insurance Business (Law 08/2022/QH15)**	The primary law regulating all insurance activities in Vietnam. Defines insurers, the scope of insurance, policyholder rights, responsibilities, and minimum requirements for capital, solvency, accounting, and business conduct for both life and non-life insurers.

Source: KPMG 2024 Insurance CEO Outlook (120 surveyed Insurance CEOs), Vietnam report, Ministry of Finance

Meet our expert



Pham Do Nhat Vinh
Partner, Head of Financial Services

Stay up-to-date

Use this link or scan the code to read our latest publication

International Finance Center (1 of 2)

Vietnam's International Financial Center (IFC) is a national strategic project designed to establish a globally competitive financial hub across Ho Chi Minh City and Da Nang, driving economic growth, innovation, and international financial integration.

Key features

Dual–city model

Vietnam's International Financial Center (IFC) is built upon a distinctive "one center, two cities" model that strategically distributes core functions between Ho Chi Minh City and Da Nang.

Ho Chi Minh City

Full-scale financial hub based in Thu Thiem

Da Nang

Specialized focus on green finance and cross-border trade within a free trade zone framework.

Comprehensive product offering

The IFC will offer a full suite of financial services, including:

Capital markets | Investment funds | Insurance | Banking services | Green finance | Fintech | Digital assets

Digital finance and fintech focused

IFC prioritizes emerging financial products. Green financial solutions, carbon credits, fintech services, and digital assets are positioned as central pillars of the IFC's future relevance. The regulatory framework will include a phased implementation of sandbox mechanisms which allow for safe experimentation of new financial technologies.

2025

Credit scoring, peer-to-peer lending, open API

2026

Virtual assets and cryptocurrency experimentation

Strategic objectives

Vietnam's IFC initiative is anchored by a set of ambitious and clearly defined strategic objectives that reflect the its long-term vision for economic transformation and global financial integration.

Expected timelines

2025 – Official establishment of the IFC

2035 – Ranking among the world's top 75 financial centers according to the Global Financial Centres Index (GFCI), including FinTech criteria

2045 – Advancement to the top 20 global financial centers

National growth engine

The IFC is positioned to be a critical tool for achieving Vietnam's ambitious goal of double-digit economic growth in the new era. This represents a significant escalation from general economic development goals to specific growth targets that underscore the center's strategic importance.

Global integration

The updated strategic framework emphasizes Vietnam's intention to become a major gateway for international capital flows and leverage opportunities from global supply chain shifts. This positions the IFC not just as a domestic financial hub but as a critical node in the evolving global financial architecture.

Legal and regulatory framework

National Assembly resolution structure

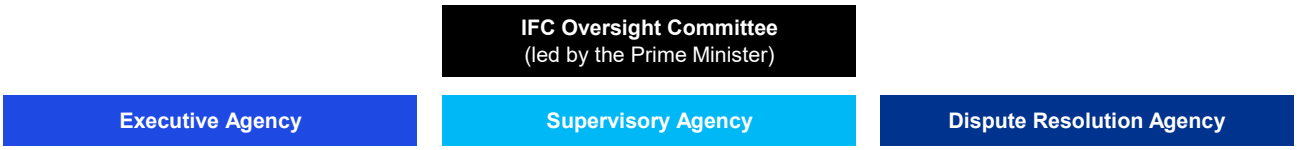
The draft National Assembly Resolution has been structured into 6 chapters with 35 articles, providing a comprehensive legal foundation. This resolution will have legal status equivalent to law but with greater flexibility for amendments, allowing for adaptive responses to market developments.

Source: Vietnamese Government

International Finance Center (2 of 2)

Four-tier management structure

The governance framework has been refined to include four distinct management bodies, following a four-tier model.



Breakthrough policies

IFC preferential policies in Vietnam cover trading platforms, taxation, and financial incentives, insurance, infrastructure and land use, as well as talent development and visa regulations. This is designed to create a competitive and investor-friendly environment. There is also a focus on modernizing the legal environment to meet international standards by adopting the International Financial Reporting Standards (IFRS) and facilitating the movement of capital with fewer regulatory hurdles.

Industry experts have emphasized the importance of legal clarity and simplified procedures. For example, allowing businesses to register under predefined criteria, recognizing English as a preferred language within the center, and establishing fast-track compliance procedures for banking, capital markets, fintech, and insurance sectors will be key. Long-term regulatory goals also include allowing foreign currency transactions and developing structured private placement regimes, which are currently limited in Vietnam.

Governance and coordination

Top-level political support

Vietnam's push to become a leading IFC is underpinned by strong political commitment. The initiative is supported by Politburo Conclusion No. 47-TB/TW and led by the Prime Minister himself, signaling national-level coordination. Standing Deputy Prime Minister Nguyen Hoa Binh reaffirmed this by urging the National Assembly to pass the specialized Resolution on the IFC, ensuring the project receives the political weight and continuity it requires.

City-level implementation

Ho Chi Minh City, designated as the nucleus of Vietnam’s IFC development, has been actively enhancing its infrastructure, refining its legal environment, and mobilizing resources. Da Nang is also being considered for ecosystem development, particularly in areas like green finance.

Multi-level coordination

Coordination for IFC involves close cooperation across central and municipal levels. The government aims to ensure all components of the IFC ecosystem—legal, financial, technological, and human—operate in sync. Strategic partnerships with private investors are being considered for infrastructure funding, while local authorities are tasked with fast-tracking land allocation, labor licensing, and other operational logistics.

Challenges and considerations

A primary concern is the restrictive and complex regulatory environment, which can discourage foreign participation. Financial institutions and global investors have cited burdensome compliance requirements and legal uncertainty as key barriers. In terms of financial infrastructure,

Vietnam still lacks the depth and liquidity needed to compete with regional hubs like Singapore or Hong Kong. While the banking sector has made significant digital advances, the capital market remains shallow and segmented, offering limited products and inadequate investor protections.

Another major issue is foreign exchange and capital flow management. Investors are wary of Vietnam's current FX controls and challenges related to profit repatriation. Legal uncertainties around these mechanisms, if not resolved, will deter long-term investment and limit the appeal of Vietnam as a financial gateway.

Governance mechanisms and coordination gaps between central and municipal authorities, if not managed well, could slow the implementation progress. Vietnam needs a unified strategy to coordinate policies, eliminate overlaps, and deliver timely infrastructure and policy rollouts.

Source: Vietnamese Government

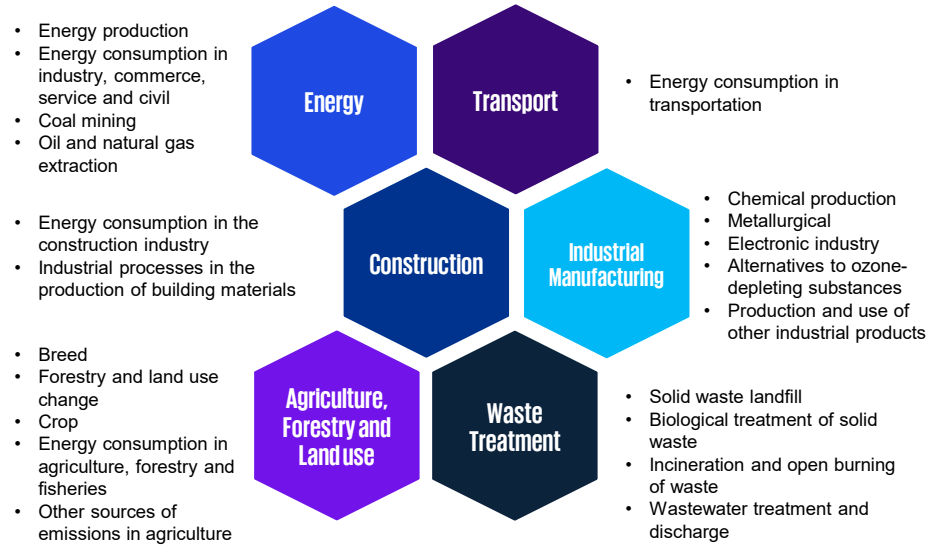
Towards Net Zero Economy (1 of 2)

The country's rapid economic growth, urbanization, and industrialization have been powered by a coal-dependent energy supply that creates significant greenhouse gas (GHG) emissions. At the COP26 climate conference, Vietnam joined the pledge to reduce global GHG emissions by 2030, and committed to bring net emissions to zero by the middle of the century.

	Thailand	Malaysia	Vietnam	Philippines	Myanmar	Cambodia	Laos
Total emissions ($MtCO_2e$)	431.2	388.1	364.4	234.8	231.6	69.2	38.6
% of global emissions	0.9%	0.8%	0.8%	0.5%	0.5%	0.1%	0.1%

On 18 January 2022, the Prime Minister issued Decision No. 01/2022/QD-TTg on promulgating the list of sectors and GHG-emitting establishments subject to greenhouse gas inventory. This Decision took effect on the same date. GHG-emitting establishments subject to greenhouse gas inventory must proactively share relevant information on total energy consumption and operating capacity with the Ministry of Natural Resources and Environment.

Sectors subject to GHG inventory



Number of establishments subject to GHG inventory[1]

Sector	Count
Industry and Trade	1,662
Transport	70
Construction	104
Natural resources and Environment	76
Total	**1,912**

(1) Based on Appendix II in Decision No.1/2022/QD-TTg, issued on 18 January 2022. The list is required to be updated every 2 year.

COP28 Highlights

- A major highlight of COP 28 was the Vietnamese Prime Minister's announcement of the Resource Mobilization Plan (RMP) for implementing Vietnam's Just Energy Transition Partnership (JETP) with the IPG[2]. Please refer to page 50 for more details.
- Vietnam's current PDP8 aligns with the JETP's coal-fired generation target for 2030 and is projected to push Vietnam closer to achieving the Scheme's ambitious goals: at least 47% renewable energy by 2030 and peaking power sector emissions. To achieve these targets, the Scheme prioritizes investments in key projects such as: (a) Power Transmission Grid Projects; (b) Battery Storage and Pumped Storage Hydropower Plants; (c) Offshore Wind Power Development, with both technical assistance and investment projects kicking off in 2024. This diverse approach, supported by the JETP's funding, aims to accelerate Vietnam's transition towards a clean and sustainable energy future.
- COP28 in Dubai made history by including health on the climate discussion agenda, highlighting the urgent need for resilient health systems in the face of climate change. Responding to this call, Vietnam's Ministry of Health (MoH), United Nations Development Programs (UNDP), and the World Health Organization co-organized a side event at COP28 titled "Building a Climate-Resilient Health System in Vietnam" in December 2023. This event showcased Vietnam's efforts to create resilient health systems and communities, with a particular focus on protecting the most vulnerable populations. In a remarkable step even before COP28, the Vietnamese government had developed the National Action Plan for the Health Sector Response to Climate Change (2019 - 2030, with a vision to 2050). This plan focuses on building resilient healthcare facilities and strengthening epidemic prevention and control measures.

(2) IPG or the International Partners Group, includes the following countries: Canada, France, Germany, Italy, Japan, the U.K, the U.S, European Union, Denmark, Norway
Source: World Bank, European Union, Climate Watch, Prime Minister, LuatVietnam, International Union for Conservation of Nature, Asian Development Bank

Towards Net Zero Economy (2 of 2)

Reaching net zero emissions will require significant investment in current and new clean technologies, and away from fossil fuels. These changes will have implications for jobs and training. The World Bank has proposed a new development paradigm for Vietnam, that balances development goals with escalating climate risks.

The adaptation to climate risks and the ability to acquire new capabilities and emerge stronger from climate shocks

Resilient Pathway

Vietnam Today

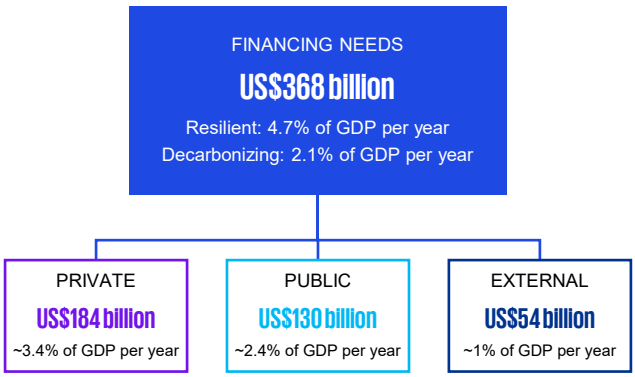
- Building resilient infrastructure
- Protecting the most vulnerable
- Implementing structural reforms to incentivize farmers and firms
- Pricing carbon
- Mobilizing financing

Vietnam in 2045

Decarbonizing Pathway

Decarbonizing the energy sector and taking actions in the agriculture, transport, and manufacturing sectors

- Pursuing a combined resilient and net-zero development pathway (RNZP) is likely to require additional investments of about 6.8% of GDP per year, or a cumulative US$368 billion through 2040. To fill these finance needs, at least three potential avenues exist:
  - Strongly incentivize private investment in both new technologies and more resilient infrastructure.
  - Increase public funding by raising additional revenue through a carbon tax and/or borrowing in domestic and external markets.
  - Garner more revenue from international financial sources: this includes institutional investors, multilateral and bilateral donors, foreign direct investment (FDI), and inward remittances.

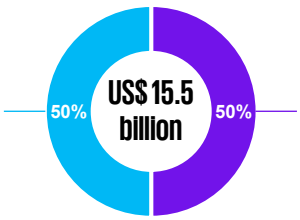


Source: World Bank

Vietnam's JETP Agreement

In December 2022, the International Partners Group (IPG), comprised of the European Union (EU), the United Kingdom (UK), Canada, Denmark, France, Germany, Italy, Japan, Norway and the United States, co-led by the EU and the UK, pledged to provide Vietnam with US$15.5 billion in the next three to five years to help the country accomplish its net-zero emission target in 2050.

Public sector finance: provided by the countries party to the agreement the interest/loan terms are "on more attractive terms than Vietnam could secure in the capital markets"



Private sector finance: led by the Glasgow Financial Alliance for Net Zero (GFANZ). This is subject to the mobilization of the catalytic public sector finance by the IPG members and improved regulatory frameworks

- The partnership aims to bring forward Vietnam's peak greenhouse gas emissions by five years to 2030, cut emission in its power industry by 30%, or from 240 million tons of CO2 to 170 million tons, by 2030.
- It aims to reduce Vietnam's coal-fired power capacity from the planned 37 GW to 30.2 GW, and boost the ratio of renewable energy in the nation's electricity output from the current 36% to 47% in 2030.
- Fulfilling the four tasks will help reduce Vietnam's greenhouse gas emission by around 500 million tons by 2035.
- Around US$200 million of the agreed US$15.5 billion will be grants and the rest low-interest loans.

Source: World Bank, Environment Ministry

Carbon Border Adjustment Mechanism

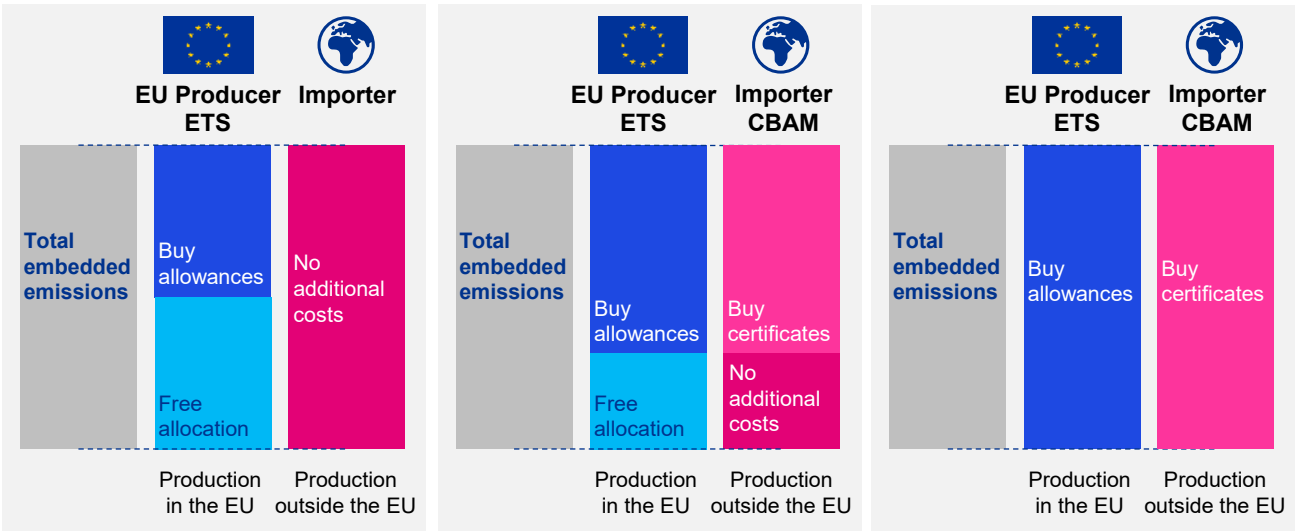
The European Union's Carbon Border Adjustment Mechanism (CBAM), the world's first carbon border tax, aims to reduce carbon emissions by addressing "carbon leakage". The introduction of CBAM is likely to affect Vietnam's exports, especially plastics, iron, and steel.

CBAM initial scope

Electricity | **Iron & steel** | **Cement** | **Fertilisers** | **Aluminium** | **Hydrogen**

- Direct emissions
- Indirect emissions included under certain conditions
- Certain precursors

CBAM evolution



Carbon is becoming an issue of competitive advantage

EU Companies

- Higher carbon costs are expected due to increasing EU permit prices and a reduction in free permits.
- CBAM will lead to higher prices for emissions-intensive goods within the EU.

Non-EU Companies

- Producers of commodities subject to CBAM will incur a carbon cost upon importing into the European Union.
- The costs and impacts of the project will be based on verified emissions, or an EU fallback.

Indirect Impact

- Growing availability of decarbonization incentives within and beyond the EU
- Changes in competitive dynamics with the EU are based on emissions intensity.

Future Impact

- Extension of covered emissions to include scope 2
- Extension of scope to include additional targeted industries and covered commodities.

Source: KPMG Analysis, The Carbon Trust

CBAM will bring about both opportunities and challenges for Vietnam

Timeline

April 2023 | CBAM Regulation in force

1 Oct 2023 | Enter in force of transitional period:
- Quarterly reporting
- Measurement of emissions

2034 | CBAM fully phased in; covers all the sectors covered by Emissions Trading System (ETS) (100%)

July 2023 | Implementing & delegated acts publication

1 Jan 2026 | End of transitional period:
- Registration of authorised declarants
- Financial obligations
- Yearly CBAM declarations
- Reporting and verification of emissions
- Expansion of scope of covered products (50% of all ETS sectors)

Impact on Vietnam

To hamper exports to the EU market

- CBAM is estimated to reduce Vietnam's export turnover of iron, steel, cement, fertilizer, and aluminum industries by up to US$100 million. By essentially increasing prices, the CBAM will likely lead to lower demand in the EU market for these goods. Iron and steel will be the most impacted, followed by aluminum, based on Vietnam's current export volume.
- In the long run, the CBAM's scope could be extended to cover indirect emissions and other sectors, potentially negating the benefits of the EU-Vietnam Free Trade Agreement (EVFTA) depending on the carbon price imposed.

To cause difficulties for the manufacturing industry

- The CBAM implementation forces Vietnamese exporters to adopt solutions to minimize greenhouse gas emissions during manufacturing, but reducing emissions and meeting criteria to avoid the carbon tax proves challenging for businesses due to limitations in upgrading machinery and sourcing sustainable materials.
- Moreover, Vietnamese enterprises largely lack awareness of the European green standard and CBAM, potentially putting them at a disadvantage in the European market.

To support Vietnam's carbon-neutral goal

- CBAM legislation is an opportunity to accelerate Vietnam's net-zero-by-2050 commitment.
- CBAM is not applicable to imports from countries with an ETS that meets the EU's standards. Therefore, there is an added incentive for Vietnam to promptly set up a carbon pricing system.
- The adoption of the CBAM may also incentivize investment in low-carbon, energy-efficient and renewable technologies. In this respect, Vietnam can take advantage of an abundance of natural renewable energy resources to decarbonize the electricity sector, and subsequently reduce GHGs of the wider economy.

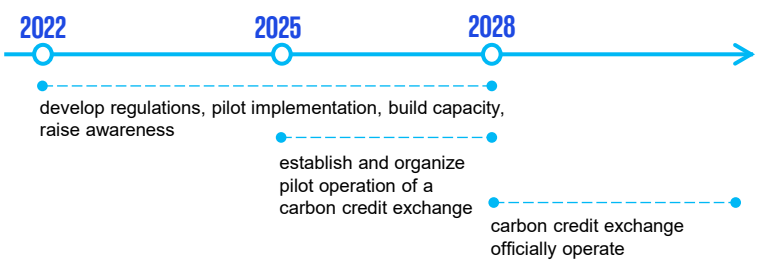
Source: KPMG Analysis, Vietnam Briefing

Carbon credit trading

As part of its efforts to cope with climate change, Vietnam's government supports the establishment of a carbon credit market. The market will function based on the total amount of emissions and emission quotas allocated to every locality and sector. The first carbon credit trading platform in Vietnam was launched in 2023, paving the way to an open and transparent carbon credit market.

A total of 57 million carbon credits may be sold by Vietnam to international organizations annually, at prices ranging from US$3 to US$7 per credit. In 2023, Vietnam sold 10.3 million forest carbon credits (10.3 million tons of CO2) through the World Bank, for the first time, earning US$51.5 million.

Expected implementation timeline[(1)]:



Meet our experts



Truong Hanh Linh
Partner
Head of ESG Consulting

Source: Ministry of Natural Resources and Environment, World Bank, Minister of Agriculture and Rural Development
(1) According to the draft project "Development of a carbon market in Vietnam" , built on the basis of Decree 06/2022/ND-CP



04

Investment environment in Vietnam

Investment climate for foreign direct investment (1 of 6)

1. INVESTMENT CLIMATE

Vietnam is a leading investment destination in Southeast Asia. Its geographical advantages, natural resources, and affordable labor force attract significant capital inflows annually. Vietnam boasts unexplored sectors and a growing consumer market.

However, like many countries, Vietnam has been impacted by global economic fluctuations and political instability in recent years. This has limited investor movement and somewhat dampened the attractiveness of new foreign investments. Despite these challenges, there have been bright spots in attracting foreign investment to specific industries and localities like Ho Chi Minh City, Hai Phong, and Quang Ninh.

In 2024, FDI continued to be a key driver of Vietnam's economic growth, with newly registered investments estimated around US$20 billion and total disbursed capital reaching US$25 billion – a record high.

Vietnam's success in attracting FDI goes beyond just the amount of registered capital or disbursements. It also hinges on efforts to improve the investment climate. The Vietnamese government has actively issued resolutions and action plans to fulfill its commitment to enhancing the business environment for investors.



In 2024, the implementation of the Global Minimum Tax (GMT) rendered some preferential tax incentives less effective. The Ministry of Finance responded by proposing revisions to maintain Vietnam's competitive advantages. These revisions include:

- Reviewing and restructuring tax incentives strategically
- Implementing adjustments in resource allocation
- Expanding the tax base
- Focusing on incentives that encourage highvalue-added production

The Vietnamese economy increasingly recognizes the vital role of the private sector and foreign investors. "Business forum" meetings and dialogues are frequently held between the government and these stakeholders. These sessions provide valuable opportunities for businesses, particularly foreign ones, to have their voices heard on critical legislative issues.

2. FORMS OF INVESTMENT

Foreign investors may carry out the following forms of investment in Vietnam:

Direct investment	Indirect investment
• Establishment of a new legal entity; • Capital contribution/acquisition in existing legal entities: • Implementation of an investment project; • Business Cooperation Contracts (BCC) signed with other local or foreign investors.	• Purchase of shares, share certificates, bonds and other valuable papers traded on the stock exchanges; • Investment through securities investment funds • Investment through other intermediary financial institutions.

Source: KPMG Analysis, Vietnam Briefing, Ministry of Finance

Investment climate for foreign direct investment (2 of 6)

3. FORMS OF COMMERCIAL PRESENCE

Foreign investors may carry out the following forms of investment in Vietnam:

Representative Office (RO)

A representative office (RO) is a common initial form of establishment for foreign organizations exploring investment or business opportunities in Vietnam. Legally, an RO is a dependent unit of the foreign business entity. It can survey the market and engage in commercial promotion activities as allowed by Vietnamese law. However, an RO cannot engage in directly profit-generating activities.

Branch

Technically, a branch is a dependent unit of a foreign business entity, established to conduct commercial activities within Vietnam under Vietnamese law or relevant international treaties. However, branches are not a common form of presence in Vietnam, being limited to specific sectors like banking, finance, and construction.

Legal entity

Depending on the business industry, the number of investors, and the intention to publicly list the entity, a foreign investor may establish a presence in Vietnam as a limited liability company (LLC), a joint-stock company (JSC), or a partnership.

Feature	Limited liability company (LLC)	Joint stock company (JSC)	Partnership
Required number of members/ shareholders	One (for single member LLC); Two or more members, but not exceeding fifty (for multi-member LLC)	At least three shareholders; no restriction on maximum number of shareholders	• Unlimited liability partners: At least two general partners (individuals) • Limited liability partners (optional): Organizations or individuals
Liability of members/ shareholders	Limited to the extent of the registered capital contributions into the company	Limited to the extent of the registered capital contributions into the company	• Unlimited liability partners: Unlimited • Limited liability partners: Limited to the extent of the registered capital contributions into the company
Issuing bonds	Allowed	Allowed	Not allowed
Issuing shares	Not allowed	Allowed	Not allowed
Listing on stock exchange	Not allowed	Allowed	Not allowed

4. CONDITIONAL BUSINESS LINES

The Law on Investment 2021 and Decree 31/2021/ND-CP list business lines with market access limitations for foreign investors. This list has two sub-lists:

(A) List of business lines prohibited for market access/investment: This covers 25 business lines where foreign investment is not allowed, including:

- Trading in goods and services under state monopoly
- Press activities and information gathering
- Fishing
- Overseas contracted employment agency services
- Temporary import for re-export business

(B) List of business lines subject to conditions for market access/investment: This covers 58 specific business lines, including:

- Production and distribution of cultural products (including visual recordings)
- Insurance, banking, and securities brokerage
- Telecommunication and printing services
- E-commerce business
- Business lines licensed under pilot schemes

Companies operating in conditional business lines must fully satisfy applicable conditions (e.g., minimum capital, foreign ownership limits, facility and personnel requirements, operating licenses) before starting operations. Failure to comply will result in penalties from state bodies and unfavorable tax treatment on expenses incurred from these businesses.

5. INVESTMENT INCENTIVES

Investment projects in Vietnam can qualify for incentives based on several criteria:

- Location: Projects located in especially difficult/difficult socio-economic areas or in economic zones, high-tech parks, high-tech agricultural zones, and centralized IT zones are eligible. Industrial zones are no longer automatically eligible unless also located in one of the above areas.
- Industry: Projects engaged in priority sectors like high-tech (AI, semiconductors, automotive), social service (education, healthcare), infrastructure or agriculture are favored.
- Other considerations: Large-scale manufacturing projects may receive enhanced incentives if they meet the high capital threshold and technology standards.

Types of Investment Incentives

Qualified projects can benefit from various incentives:

- **Corporate Income Tax (CIT) Incentives:**
  - Preferential CIT rate (lower than the standard 20% rate) for a specific period or the entire project duration.
  - Exemption or reduction of CIT for a definite period.
- **Import Duty Incentives**: Exemptions or reductions of import duties may be granted for machinery, equipment, raw materials, components used in eligible investment projects.
- **Land Incentives**:
  - Rent reduction in 2025 for land leased from the State.
  - Exemption or reduction of land rental and land use tax may be granted for special categories.

Investment climate for foreign direct investment (3 of 6)

5. INVESTMENT INCENTIVES (CONT')

According to the policy approved by the National Assembly in Resolution 110/2023/QH15 dated 29 November 2023, in the context of Vietnam applying the Global Minimum Tax rule from 01 January 2024, the Government issued **Decree 182/2024/ND-CP ("Decree 182") on 31 December 2024**, regarding the establishment, management, and use of the Investment Support Fund ("the Fund"). This fund aims to stabilize the investment environment, encourage and attract strategic investors, and support enterprises in specific prioritized fields.

Decree 182 takes effect on 31 December 2024 and applies starting from the fiscal year 2024.

Noteworthy points of the Decree are summarized as follows:

Eligible enterprises and conditions to apply for investment support payment

a) High-tech enterprises
b) Enterprises with high-tech products manufacturing projects
c) Enterprises with high-tech application projects
d) Enterprises with investment projects in research and development centers ("R&D")

Enterprises / Condition	a)	b)	c)	d)
Conditions on Minimum Capital Scale or Minimum Annual Revenue	Enterprises must achieve a minimum investment capital of VND12,000 billion, or a minimum annual revenue of VND20,000 billion. Some typical cases: • For enterprises investing in the chip industry, semiconductor integrated circuits, and artificial intelligence ("AI") data centers: A minimum investment capital of VND6,000 billion, or minimum annual revenue of VND10,000 billion is required; • For high-tech enterprises, enterprises with investment projects for producing high-tech products, and enterprises with projects applying high technologies where such technologies or products are listed as breakthrough high technologies or high-tech products prioritized for research and development by the Prime Minister: Conditions of either investment capital or annual revenue are not required. • For enterprises with microchip design projects: Condition of either investment capital or annual revenue are not required. However, enterprises must commit to employing at least 300 Vietnamese engineers and managers after 5 years of operation in Vietnam and annually support Vietnam in training at least 30 high-quality engineers in the field of microchip design. The minimum revenue condition is the revenue that meets the conditions of the high-tech enterprises, high-tech application projects, and high-tech product manufacturing projects in the fiscal year applying for support payment.			Minimum investment capital VND3,000 billion
Conditions on the deadline for completing the disbursement of minimum investment capital	Investment projects granted with Investment Registration Certificates, Investment Policy Approval Decisions, or Investor Approval Decisions (collectively referred to as "investment license") from 31 December 2024 • To disburse VND12,000 billion within 05 years or VND 10,000 billion within 03 years from the original investment license issuance date. • To disburse VND6,000 billion within 05 years or VND4,000 billion within 03 years from the original investment license issuance date, applicable to investment projects in chip industry, semiconductor integrated circuits, AI data centers. Investment projects whose registered investment capital has not reached the minimum level of VND 12,000 billion before 31 December 2024 but adjusted to increase investment capital from 31 December 2024 to reach the minimum level of VND12,000 billion or VND6,000 billion for the chip industry, semiconductor integrated circuits, AI data centers:			VND1,000 billion within 03 years from the date of investment license issuance

Investment climate for foreign direct investment (4 of 6)

5. INVESTMENT INCENTIVES (CONT')

Enterprises / Condition	a)	b)	c)	d)
Conditions on the deadline for completing the disbursement of minimum investment capital	• If the increased investment capital is less than VND10,000 billion: To disburse VND10,000 billion within 03 years from the issuance date of the amended investment license. • If the increased investment capital is from VND10,000 billion or more: To disburse VND12,000 billion within 05 years from the issuance date of the amended investment license. Investment projects in the fields of the chip industry, semiconductor integrated circuits, AI data centers: • If the increased investment capital is less than VND4,000 billion: To disburse VND4,000 billion within 03 years from the issuance date of the amended investment license. • If the increased investment capital is from VND4,000 billion or more: To disburse VND6,000 billion within 05 years from the issuance date of the amended investment license. Investment projects granted with investment licenses before 31 December 2024 with registered investment capital of at least VND12,000 billion or VND6,000 billion for the chip industry, semiconductor integrated circuits, AI data centers but have not completed disbursement: • To disburse according to the registered timeline of the investment licenses or • To disburse VND12,000 billion, or VND6,000 billion for investment projects in the chip industry, semiconductor integrated circuits, and AI data centers within 05 years from the issuance date of the original or latest amended investment license before 31 December 2024. Investment projects with registered investment capital of at least VND12,000 billion or VND6,000 billion for the chip industry, semiconductor integrated circuits, AI data centers, granted with investment licenses before 31 December 2024 and completed disbursement: Be entitled to apply for investment support payment.			VND1,000 billion within 03 years from the date of investment license issuance
Compliance conditions	No overdue tax debts or state budget debts at the time of application submission.			

Investment climate for foreign direct investment (5 of 6)

5. INVESTMENT INCENTIVES (CONT')

Investment support policies

(i) Cost support

The Fund provides direct cash grant for the following cost items:

Items of cost support	Subject	Support level
Training and human resource development costs	All eligible enterprises as aforementioned	Maximum 50% of the actual expenses incurred in the fiscal year on human resource development training activities for Vietnamese workers.
R&D costs		Depending on the total actual R&D costs spent in the fiscal year, enterprises will be supported at progressive rate on the R&D costs incurred, specifically: • High-tech enterprises, enterprises with high-tech application projects: from 20% to 30%. • Enterprises with R&D center investment projects: from 10% to 20%. • Enterprises with high-tech product manufacturing investment projects: from 1% to 10%.
Investment costs for forming fixed assets	All eligible enterprises as aforementioned, excluding enterprises with R&D center investment projects	The enterprise will receive support payment at a progressive rate calculated on the historical cost of the newly acquired fixed assets, but it will not exceed 0.5% of the total investment capital, specifically: • High-tech enterprises, enterprises with high-tech application projects: from 8% to 10%. • Enterprises with high-tech product manufacturing investment projects: from 1% to 3%.
High tech product manufacturing costs		• High-tech enterprises, enterprises with high-tech application projects: from 1% to 3% of the added manufacturing value of high- tech products in the fiscal year; • Enterprises with high-tech product manufacturing investment projects: from 0.5% to 1% of the added manufacturing value of high- tech products in the fiscal year.
Investment costs for social infrastructure projects	All eligible enterprises as aforementioned	Maximum 25% of actual costs incurred and expended during the fiscal year
Other cases	As decided by the Government	

(ii) Initial Investment Support

Enterprises with investment projects in R&D centers in the semiconductor and AI that meet specific criteria and conditions may receive support of up to 50% of the project's initial investment cost, or other support levels as decided by the Government.

Principles for applying investment support policies

- Enterprises self-declare and are responsible for the documentation applying for investment support payment. In case of violations, enterprises must reimburse the granted support payment, interest, and administrative penalties.
- Each eligible enterprise and eligible project are supported for a maximum period of 5 years unless extended by the Prime Minister's decision.
- If an enterprise is eligible to apply for support payment from the Fund and another fund or other supports from the Government for the same cost support item, the enterprise can only choose one type of support unless otherwise regulated by the Government or decided by the Prime Minister.
- If an enterprise is simultaneously eligible to apply for cost or initial investment support, it can only choose one type of support.
- Support payment received from the Fund is not subject to Corporate Income Tax.

Procedures and timeline to apply for investment support payment

- Before 10 July of the following year, enterprises must apply as prescribed to the designated Receiving Agency. Based on the enterprise's application, the investment support request will be further processed by the Fund's Executive Agency, the Fund Management Council, and the Government, respectively.
- The Government would review and decide on the total investment support amount for the enterprise.

Investment climate for foreign direct investment (6 of 6)

6. INVESTMENT PROCEDURES

The investment procedures vary, depending on each investment form

No.	Investment form	Investment procedure	Licensing authority	Statutory timeframe[1]	Note
1	Establishment of a legal entity	(i) Application for an Investment Registration Certificate (IRC)	• Department of Finance (DOF)[2]; or • Management Board of special purpose zones	15 days	The In-principle approval of the National Assembly, Prime Minister, or provincial People's Committee before the issuance of IRC shall be required in case of investment projects which make significant economic-social impacts as stipulated at law.
		(ii) Application for an Enterprise Registration Certificate (ERC)	• Business Registration Office (BRO) of provincial DOF	3 working days	
2	Capital contribution/ acquisition in existing legal entities	(i) Application for approval for capital contribution/ acquisition	• DOF; or • Management Board of special purpose zones	15 working days	This step is required in cases: (i) the share/capital acquisition results in the increase of foreign ownership ratio in the target company operating in conditional business industries applied to foreign investors; (ii) the share/capital acquisition results in the foreign ownership ratio after the share/capital acquisition is 50% or more; (iii) the target company has Certificate of land use right in an island, on a coastal or border commune, ward or town or area affecting national defense and security
		(ii) Application for updating the new shareholding members	• BRO	3 working days	
		(iii) Application for updating the new investor	• DOF; or • Management Board of special purpose zones	3 - 10 working days	
3	BCC signed with other local or foreign investors	(i) Application for an IRC	• DOF; or • Management Board of special purpose zones	15 days	The In-principle approval of the National Assembly, Prime Minister, or provincial People's Committee before the issuance of IRC shall be required in case of investment projects which make significant economic-social impacts as stipulated at law.
		(ii) Application for a Certificate of Operation Registration (COR) for the project offices	BRO	15 days	

(1) Where the investment projects are subject to the In-principle approval of the National Assembly, Prime Minister or provincial People's Committee; and/or subject to evaluation by various competent authorities, the above timeline will be longer.

(2) Department of Planning and Investment merged with the Department of Finance and form the Department of Finance, according to Document No. 05/CV-BCĐTKNQ18 dated 12 January 2025 of the Government Steering Committee on summarizing the implementation of Resolution No. 18-NQ/TW

Note: Working days mean any days other than Saturdays, Sundays or public holidays.

Taxation (1 of 3)

1. OVERVIEW

The Vietnamese taxation system has undergone (and is expected to continue undergoing) many major transformations, such as changes in Corporate Income Tax, Value Added Tax, Foreign Contractor Tax, and Personal Income Tax. While changes occur frequently, the enforcement mechanism and the ruling process often lack sufficient capacity.

The principal types of tax imposed in Vietnam are:

- Corporate Income Tax (CIT)
- Value Added Tax (VAT)
- Personal Income Tax (PIT)
- Foreign Contractor Tax (FCT)
- Special Sales Tax (SST)
- Global Minimum Tax (GMT)
- Import and Export Duties (IED)
- Business License Fee (BLF)

Furthermore, other taxes may apply to certain businesses:

- Natural Resources Tax
- Property Tax
- Environmental Protection Tax

It's important to note that all taxes are national taxes and administered locally. There are no local, municipal, or provincial taxes in Vietnam.

2. CORPORATE INCOME TAX (CIT)

The Law on CIT applies to both domestic and foreign entities investing in Vietnam. It broadens the taxpayer base to encompass all foreign enterprises earning income from Vietnam, regardless of having any permanent establishment in the country.

Tax Year

A corporate taxpayer can choose to adopt a calendar year or a fiscal year ending on a quarter of a calendar year as the basis for the tax year.

Taxable Income

Taxable income is defined as income derived from production, trade of goods and services, and other sources from all business sectors and industries.

Deductions*

For CIT purposes in Vietnam, deductible expenses must be actual and reasonable, business-related, and supported by lawful and complete documents. Deductibles now also include certain R&D costs, eligible sponsorships and donations, pre-revenue business development, secondment costs, and certain taxes paid abroad or non-creditable VAT.

Non-deductible expenses include those breaching tax or sector-specific rules, such as interest expenses paid to non-credit institutions that exceed limits under the Civil Code, overspending in regulated industries, or ineligible costs under sector-specific laws.

Tax Loss Offset and Tax Loss Carry-Forward*

The offsetting of profits/losses between business activities of enterprises includes offsetting profits/losses from investment projects and dependent accounting branches.

Gain from real estate transfers, investment project transfers, and transfers of investment project participation rights now could be offset against operating losses from other business activities (except for losses/profits from activities that are enjoying tax incentives).

Carry-back of losses is not permitted and there is no provision for transfer of losses within the group.

Enterprises with losses arising before the effective date of this Decree can continue to transfer losses according to the provisions of the new Decree for the remaining period.

Tax Rates

Vietnam now applies differentiated CIT rates based on enterprise size and specialized sectors:

	From 01 October 2025
Standard enterprises	20%
Enterprises having annual revenue less than VND50 billion	15% - 17%
Special industries (e.g., oil & gas operations, natural resources)	25% - 50%

Tax Incentives

Favorable tax treatments such as tax exemption, tax reduction, and preferential CIT rates are limited to:

- Encouraged sectors such as: healthcare, education, training, art activities, environment, scientific research, high-tech, infrastructure development and software production.
- Economic zones, high-tech parks, or areas with difficult or especially difficult socio-economic conditions.

A CIT incentive package of 10% CIT rate within 15 years, 4 years of CIT exemption plus subsequent 9 years of 50% CIT reduction may be applicable to several cases, including, but not limited to:

- Income of enterprises from the performance of a new investment project in the area with extremely difficult socio-economic conditions.
- Income of enterprises from the performance of a new investment project in the high technology field.
- Income of enterprises from the performance of a new investment project in the field of environmental protection.
- High-tech enterprises and agricultural enterprises applying high-tech.
- New investment projects manufacturing supporting industry (SI) products that are on the prioritized list.
- Income of enterprises from the implementation of a new investment project in production, meeting certain conditions of investment scale, annual revenue or labor usage.

A CIT incentive package of 17% CIT rate within 10 years, 2 years of CIT exemption plus subsequent 4 years of 50% CIT reduction will be applied to:

- Income of an enterprise from performing a new investment projects in the areas with difficult socio-economic conditions.
- Income of an enterprise from performing a new investment project in production of high-grade steel and energy-saving products, machines and equipment for agricultural, forest and fishery production, and animal feeds.

(*) Note: The provisions in this section are based on CIT Law No. 67/2025/QH15 and the draft guiding decree.

Taxation (2 of 3)

3. VALUE ADDED TAX (VAT)

The VAT system in Vietnam applies to goods and services used for production, business and consumption in Vietnam. Two methods can be used to calculate VAT payable.

- Taxpayers meeting the requirements can apply the credit method. VAT payable under the credit method is calculated on the difference between output VAT (VAT collected for sales) and input VAT (VAT paid on purchases).
- Taxpayers that do not qualify for the credit method can apply the direct method. Under the direct method, the taxpayer will pay VAT by applying a deemed rate on the added value of the transaction.

A Corporate Tax-payer is required to file and pay VAT on a monthly basis, or on a quarterly basis if relevant conditions are met. The standard VAT rate is 10%, but the rates are classified into four groups: exempt, 0%, 5% and 10%.

In the effort of support businesses, Vietnam the Government temporarily reduce 2% VAT reduction applicable to most of goods and services currently subject to 10% VAT rate. This reduction shall be applied until 31 December 2026.

On 26 November 2024, Vietnam's National Assembly enacted a new Law on VAT, effective 01 July 2025, fundamentally revising the country's indirect taxation framework. This new law introduces changes designed to enhance transparency, optimize revenue collection, and strengthen compliance across various economic sectors, with particular relevance to the e-commerce and digital services landscape.

Key areas of legislative amendment include:

- Expanded taxpayer scope
- VAT rate adjustments
- Increased VAT exemption threshold
- Mandatory non-cash payments for input VAT credit
- Revised VAT refund conditions
- New VAT liability trigger
- Input VAT for agricultural products

4. PERSONAL INCOME TAX (PIT)

The Vietnamese domestic PIT regulation requires taxpayers to declare and pay tax on both employment income and non-employment income (e.g., capital investment, capital assignment, transfer of securities, etc.). Each type of income has a different tax rate and a different approach to PIT declaration.

Tax residents are subject to PIT on their worldwide income, while tax non-residents are only subject to PIT on Vietnam-sourced income, defined as income earned from their work and duties performed in Vietnam. Tax non-residents who are citizens and residents of countries with tax treaties with Vietnam may be exempt from PIT on employment income if they also meet the conditions specified in the respective tax treaties. This exemption is granted upon application and is subject to the tax authority's assessment; it is not applied automatically.

Tax deductions, including personal relief, dependent (subject to registration with the tax authority) relief, and the expatriate employee's portion of compulsory social security following Vietnamese regulations or those of their home country, are deductible when calculating tax on employment income for tax residents. Tax non-residents are not entitled to tax deductions.

5. FOREIGN CONTRACTOR TAX (FCT)*

Foreign organizations and individuals carrying out approved business activities in Vietnam without a legal entity are subject to FCT, including VAT and CIT. Applicable tax rates vary depending on whether a foreign contractor registers to use VAS.

Under the draft Decree, FCT is exempt for (i) raw materials, spare parts and components transferred at bonded warehouses or inland container depots (ICDs) for import into Vietnam for export production or processing; and (ii) raw materials, spare parts and components delivered between export processing enterprises (EPEs) for export processing under foreign principals' instructions.

6. SPECIAL SALES TAX (SST)

Special Sales Tax (also known as Special Consumption Tax) is imposed on a selected number of goods and services, either at the stage of production, provision of services, or importation. Export products are exempted from SST. Imported goods liable to SST are subject to SST both upon importation from overseas and upon sales within the domestic market.

SST taxable price at the import stage = taxable price for import duty calculation + import duty

- SST taxable price at the trading stage $= \dfrac{\text{Selling price exclusive of VAT} - \text{Environmental protection tax (if any) \%}}{\text{1+ SST rate}}$

Taxpayers producing SST-liable goods from SST-liable materials are entitled to claim a credit for the SST amount paid on the materials imported or purchased from local suppliers.

The new SST law (Law No. 66/2025/QH15) adds:

- Expanded scope: High-sugar beverages, all tobacco products
- Supplement tax base: Hybrid taxation (ad valorem plus specific tax) is applied to tobacco products
- Increased rate: Higher SST rates for sugary drinks, tobacco, alcohol, and beer, phased in from 2027 to 2031

7. GLOBAL MINIMUM TAX (GMT)

Following the Resolution No. 107/2023/QH15 dated 29 November 2023 introducing GMT Rules, on 29 August 2025, the Government officially issued Decree No. 236/2025/ND-CP to implement GMT Rules, taking effects on 15 October 2025.

Key provisions:

- Large multinational enterprises (MNEs) must pay a minimum 15% corporate tax on profit in each jurisdiction they operate in.
- In-scope enterprises are Vietnamese taxpayers of an MNE Group with annual consolidated revenues of at least EUR750 million in at least two of the four preceding fiscal years.
- If the Effective Tax Rate (ETR) in a jurisdiction falls below the 15% minimum rate, a top-up tax will be imposed in Vietnam.
- The filing and payment deadlines:
  - Qualified Domestic Minimum Top-up Tax (QDMTT): within 12 months of the fiscal year end.
  - Income Inclusion Rule (IIR): within 15 months of the fiscal year end, with an extension to 18 months for FY2024.

(*) Note: The provisions in this section are based on CIT Law No. 67/2025/QH15 and the draft guiding decree.

Taxation (3 of 3)

8. NATURAL RESOURCES TAX

Natural Resources Tax (also known as royalty tax) is imposed on the exploitation of Vietnam's natural resources including petroleum, mineral resources, forest products, seafood and natural water. Tax rates vary depending on the specific classification of natural resource and are applied to the production output at a specified taxable value per unit.

9. PROPERTY TAX

Property Tax in Vietnam is imposed as a "land use fee" or "land rental." A foreign investor requiring land for an investment project may apply to the land management authority by way of an allotment and paying the land use fee or by way of lease and paying the land rental.

Tax rates are determined based on location, land use purpose, infrastructure, and relevant provincial regulations, in accordance with the 2024 Land Law and Decree No. 103/2024/ND-CP.

Decree No. 230/2025/ND-CP introduces cases of exemption or reduction of land use fees and land rentals, including a 30% reduction in annual land rental payable in 2025 for eligible users.

10. ENVIRONMENT PROTECTION TAX (EPT)

Effective from 01 January 2012, Vietnam introduced the Environment Protection Tax to impose a tax on goods that may cause damage to the environment. EPT applies to the production and importation of certain goods such as petroleum, coal, plastic bags, and restricted chemicals.

For 2024, a temporary 50% EPT reduction applies to petrol, gas, and grease to support taxpayers in difficult macroeconomic conditions.

11. IMPORT AND EXPORT DUTIES (IED)

Goods imported into Vietnam are generally subject to import duties and import VAT, unless specifically exempted under applicable regulations. Import duty rates vary depending on the nature, the HS codes of the goods involved, and the origin of the goods. There are three import duty rates applicable (ordinary, preferential, and special preferential), based on the trading relationship between Vietnam and the exporting countries are applied.

- Special Preferential Import Duty: In case the imported goods are proven to be originated (with a valid Certificate of Origin) from a country/region that has a FTA with Vietnam, a special preferential import duty is applied, which grants partial or full exemption from the import duty.
- Exemptions:
  - Raw materials and components imported into Vietnam for the manufacture of goods for export are usually exempt from import duties.
  - Enterprises with foreign-invested capital and parties to a BCC in especially encouraged projects are exempt from import duty in respect of certain imported goods which form part of their fixed assets.
- Export Duties: Most exports are duty-free, except for certain natural resources such as sand, chalk, marble, granite, ore, crude oil, forest products, and scrap metal.

12. DOUBLE TAXATION TREATIES

Vietnam has entered into Double Taxation Agreements (DTAs) with over 75 countries, allowing cooperation with their tax authorities to enforce respective tax laws. Qualified taxpayers must submit the DTA dossiers to the tax authorities for review and approval. The approval process theoretically takes 30 to 45 days from the receipt date of the dossier.

In 2022, Vietnam signed the Multilateral Instrument (MLI) to implement BEPS actions, aimed at solutions for the prevention of base erosion and profit shifting. Subsequently, a number of clauses of the current DTAs that Vietnam agrees to take the MLI position on will be subject to changes. The MLI came into force in Vietnam on 01 September 2023.

13. BUSINESS LICENSE FEE (BLF)

BLF is imposed on economic organizations in accordance with the registered capital in the business registration license or the investment license, ranging from VND1 million (US$41) to VND3 million (US$124) per year.

BLF payment is due upon registration of business for tax purposes and subsequently on an annual basis. Newly established businesses are exempt from BLF in the first year

14. DRAFT TAX LAWS

Following the Approved Strategy on Taxation System reform up to 2030, Vietnam is in the progress of reviewing a number of tax laws as part of efforts to continue enhancing the country's investment environment.

Certain tax laws are anticipated to be passed during the 10th session of the 15th National Assembly in October 2025, with an expected effective date of 01 July 2026, including:

- The draft PIT Law aims to modernize Vietnam's tax framework by expanding the scope of taxable income to include digital platforms and assets, while also introducing deductions for medical and educational expenses and simplifying the progressive tax brackets.
- The draft Law on Tax Administration proposes reforms across four key areas: (i) Digital transformation in tax procedures; (ii) Tax administration with broader tax bases; (iii) Tax audit with extended timelines; and (iv) Tax filing with a shorter amendment window.

Meet our expert



Hoang Thuy Duong
Partner, Head of Tax

Vietnam's progress in tackling BEPS

Vietnam's BEPS implementation in 2025 is marked by comprehensive adoption of international frameworks such as the MLI, Pillar 2 Global Minimum Tax, and enhanced transfer pricing and reporting standards.

Domestic tax base erosion and profit shifting (BEPS) refers to tax planning strategies that multinational enterprises use to exploit loopholes in tax rules to artificially shift profits to low or no-tax locations as a means of tax evasion. The OECD/G20 BEPS Project equips governments with rules and instruments to address tax avoidance, ensuring that profits are taxed where economic activities generating them take place and where value is created.

Vietnam has actively engaged in adopting measures to cope with Base Erosion and Profit Shifting (BEPS), aligning with global tax reform initiatives led by the OECD and G20. The country's BEPS-related developments in recent years demonstrates a strong commitment to enhancing tax transparency, protecting its tax base, and complying with international standards. These efforts aim to safeguard Vietnam's tax base, improve transparency, while addressing challenges related to regulatory integration, administrative capacity and maintaining competitiveness in investment environment. The ongoing public consultation on the GMT decree and recent legal updates reflect Vietnam's proactive approach to managing BEPS risks and providing a healthy tax environment for multinational enterprises operating in the country.

Recent developments

2022

Multilateral Instrument (MLI)

On 09 February 2022, Vietnam signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (MLI), becoming the 99th jurisdiction to join. The MLI covers over 1,800 bilateral tax agreements.

2023 - 2024

Global Minimum Tax (GMT) implementation

On 22 March 2023, Vietnam signed the Convention on Multilateral Administrative Assistance in Tax Matters (MAAC - the Convention) to implement international cooperation for tax administration, prevention of tax evasion and avoidance. MAAC creates a strong tax administrative measure for member countries (consisting of 146 countries) for information exchange, cross border audit and inspection, support in collecting tax, others activity to prevent tax evasion and avoidance.

The Convention allows jurisdictions to ensure results of the OECD/G20 BEPS Project, including minimum standards to implement in tax treaties to prevent treaty abuse and 'treaty shopping', into their existing network of bilateral tax treaties in a quick and efficient manner. By signing MAAC, Vietnam also express its commitment to OECD in meeting the conditions of international cooperation in tax administration to implement BEPS.

In November 2023, the National Assembly approved Resolution 107/2023/QH15, effective from January 1, 2024, introducing the Qualified Domestic Minimum Top-up Tax (QDMTT) and the Income Inclusion Rule (IIR). This move not only aligns Vietnam with the global tax reform movement but also potentially increase tax revenues. Company previously enjoy preferential tax rates will now be subject to the GMT threshold of 15 percent. Under the IIR a parent entity within the MNE group will pay tax, in its jurisdiction of tax residence, in respect of its allocable share of the top-up tax of a low-taxed Constituent Entity. Meanwhile, the QDMTT complements the IIR by allowing Vietnam to impose its own top-up tax on domestic subsidiaries of foreign MNEs if their effective tax rate is below 15 percent, which helps maintain tax equity and retains fiscal benefits within Vietnam.

In November 2024, The Ministry of Finance released a draft decree in early 2025 to provide detailed guidance on implementing Resolution 107, currently under public consultation. This decree aligns closely with OECD Pillar 2 standards but highlights challenges such as harmonizing domestic tax laws with IFRS, coordinating with existing tax treaties, and upgrading tax administration technology and human resources.

2025

Country-by-Country Reporting (CbCR) and Transfer Pricing

On 03 January 2025, Vietnam signed the Multilateral Competent Authority Agreement (MCAA) for automatic exchange of CbCR. By mid-February 2025, Vietnam had activated exchange relationships with 29 jurisdictions.

In February 2025, Vietnam amended its transfer pricing regulations through Decree 20/2025/ND-CP, effective from March 27, 2025, applying from tax year 2024. Key changes include amended definitions of related party relationships, expanded responsibilities for the State Bank of Vietnam in providing information to tax authorities, updated transfer pricing declaration forms, and transitional guidance on interest deductibility cap. These revisions reflect Vietnam's effort to align local rules with international standards and improve enforcement against BEPS practices.

Source: KPMG Analysis, Ministry of Finance, Vietnamese Government, OECD

Awards for Tax services 2024



Transfer Pricing Firm of the Year

KPMG in Vietnam has been named "Vietnam Transfer Pricing Firm of the Year" at the ITR Asia-Pacific Tax Awards 2024. This is the 8th consecutive year that KPMG in Vietnam has been honored at this award, affirming the unwavering commitment of our expert team in delivering professional tax advisory services to our clients.

Tier 1 in World Tax Rankings

KPMG in Vietnam has been ranked Tier 1 in every category of the tax business in Vietnam by the International Tax Review (ITR). This recognition highlights our continued excellence in three significant categories: Customs, General Corporate Tax, and Transfer Pricing.



Awards for Legal services 2025



Vietnam Law Firm Awards

KPMG Law in Vietnam has been recognized in five key legal domains at the 2025 Vietnam Law Firm Awards by Asia Business Law Journal, including: Insolvency & Restructuring; Private Equity & Venture Capital; Data Compliance & Cybersecurity; Competition & Antitrust; IP Prosecution.

The Legal 500 Rankings

In The Legal 500 rankings, KPMG Law in Vietnam has received recognition for our outstanding achievements. In addition to being recognized as the Leading Law Firm in Vietnam in 8 practice areas, a KPMG Director has been recognized as a Leading Associate in Data Protection for his outstanding project contributions.



Banking and foreign exchange control (1 of 3)

1. BANK ACCOUNTS

Direct Investment Capital Account (DICA)

Foreign-invested enterprises and foreign parties to business cooperation contracts must open a DICA at a licensed bank in Vietnam to handle specific transactions related to foreign direct investment (FDI). These transactions include:

- Receipt: Capital contributions, funds from assigned capital contributions, and foreign loans.
- Disbursement (outside Vietnam): Principal, interest, and fees on foreign medium- or long-term loans.
- Disbursement (outside Vietnam): Capital, profits, and other legal revenue of a foreign investor.
- Other: Revenue and disbursement transactions related to FDI activities.



Additional Accounts for Foreign-Invested Enterprises

Foreign-invested enterprises may open additional accounts at authorized banks in Vietnam for daily business operations:

- Current accounts and transaction accounts in foreign currency
- Vietnamese Dong accounts

Important Note:

Capital transfer transactions must be routed through DICAs only when they involve:

- A resident (local) investor and a non-resident (foreign/offshore) investor.
- Transactions between non-resident investors or resident investors do not require DICAs.

Offshore Accounts (subject to approval)

Foreign-invested enterprises may also be allowed to open offshore foreign currency bank accounts, subject to approval by the State Bank of Vietnam (SBV).

Indirect Investment Capital Account (IICA)

Non-resident foreign investors must open an IICA in Vietnamese Dong (VND) at a licensed bank in Vietnam to conduct indirect investments in the country.
Any investment capital in a foreign currency must be converted to VND before it can be used for indirect investment.

Transactions Permitted Through IICA:

Receipt:	Funds from assigned capital contributions, sale of securities, dividends, and other income generated from indirect investment activities.
Disbursement:	Funds for purchasing capital contributions or securities, and for covering other expenses related to indirect investment activities.
Other:	Revenue and disbursement transactions related to indirect investment in Vietnam.

2. FOREIGN EXCHANGE CONTROL

The Vietnamese Dong (VND) is not a freely convertible currency. The Vietnamese market remains heavily reliant on foreign currencies, particularly the US dollar. The government is actively implementing measures to gradually reduce this dependence.

By law, most monetary transactions in Vietnam must be conducted in VND. Exceptions exist for a limited number of situations, such as salary payments to foreign employees and fulfilling import-export entrusted contracts, which can be done in foreign currencies.

Foreign-invested enterprises, under certain conditions, can purchase foreign currency from banks to meet their foreign currency obligations arising from their business transactions.

The State Bank of Vietnam (SBV) generally imposes fewer restrictions on foreign currency entering Vietnam compared to foreign currency leaving the country, which is limited to specific transactions like payments for imported goods and services, repayments of foreign loans, and interest on those loans.

Only banks, non-bank credit institutions, and other licensed institutions can provide foreign exchange services.

Banking and foreign exchange control (2 of 3)

3. FOREIGN CURRENCIES AND EXCHANGE RATE

The Vietnamese Dong (VND) is the official currency of Vietnam. However, foreign currencies can be used for specific payments and transfers under Vietnamese law. These permitted circumstances include:

- Payments and remittances related to imports and exports of goods and services.
- Income generated from direct and indirect investments.
- Repatriation of permitted reductions in direct investment capital.
- Interest payments and principal repayments on foreign loans.
- Certain one-way payments for personal consumption purposes.
- Other similar authorized transactions.



Requirements for Foreign Currency Transactions

Both Vietnamese residents and non-residents who wish to conduct transactions in foreign currencies within Vietnam must provide supporting documents to licensed banks or credit institutions. Individuals can purchase foreign currency from these institutions only for approved purposes. They will need to submit relevant documentation that proves their need for foreign currency, such as invoices or travel documents.

Foreign Exchange Rates and Trading

The State Bank of Vietnam (SBV) sets a daily central exchange rate for the Vietnamese Dong (VND) against the US dollar (USD). Licensed credit institutions can trade foreign currencies within a margin of +/- 5% around this central rate. This system has contributed to a more robust foreign currency derivatives market, allowing businesses to manage their foreign exchange risk and improve overall market liquidity.

4. CAPITAL TRANSACTIONS OF FOREIGN INVESTORS IN VIETNAM

Pre-Investment Stage

- Foreign investors can open non-resident payment accounts in a foreign currency at a licensed Vietnamese bank before receiving an investment registration certificate or approval for capital contribution/acquisition.
- These accounts allow them to receive money from overseas to pay for eligible pre-investment expenses.

New Regulations for Short-Term Loans (as of Aug 2023)

- Short-term foreign loans can now only be used for:
  - Restructuring other foreign loans.
  - Paying for short-term payable amounts (excluding principal repayments of domestic loans) incurred during project implementation.

Foreign Loan Accounts

- All medium- and long-term foreign loans must be channeled through Direct Investment Capital Accounts (DICAs), except for loans in currencies not supported by DICAs.
- Foreign-invested companies have more flexibility with short-term foreign loans. They can be channeled through either DICAs or another designated bank account for foreign loan transactions, based on the borrower's preference.

Investment Stage

- Foreign-invested companies can borrow from overseas sources to fund their investment projects in Vietnam.



Banking and foreign exchange control (3 of 3)

5. PROFIT REMITTANCE REGULATIONS

Lawful revenue in Vietnamese Dong (VND) earned from foreign direct and indirect investments can be converted into foreign currency for remittance abroad through authorized banks in Vietnam. There are no taxes on profit remittances.

Current regulations allow for profit remittances in two ways:

- **Annual Remittances**: Foreign-invested enterprises (FIEs) can remit all their annual profits at the end of the fiscal year, provided they:
  - Have no accumulated losses.
  - Can fulfill all outstanding debts after the remittance.
- **Remittance Upon Termination**: Profits can be remitted upon termination of business activities or investment projects in Vietnam.

Foreign Investor Responsibilities

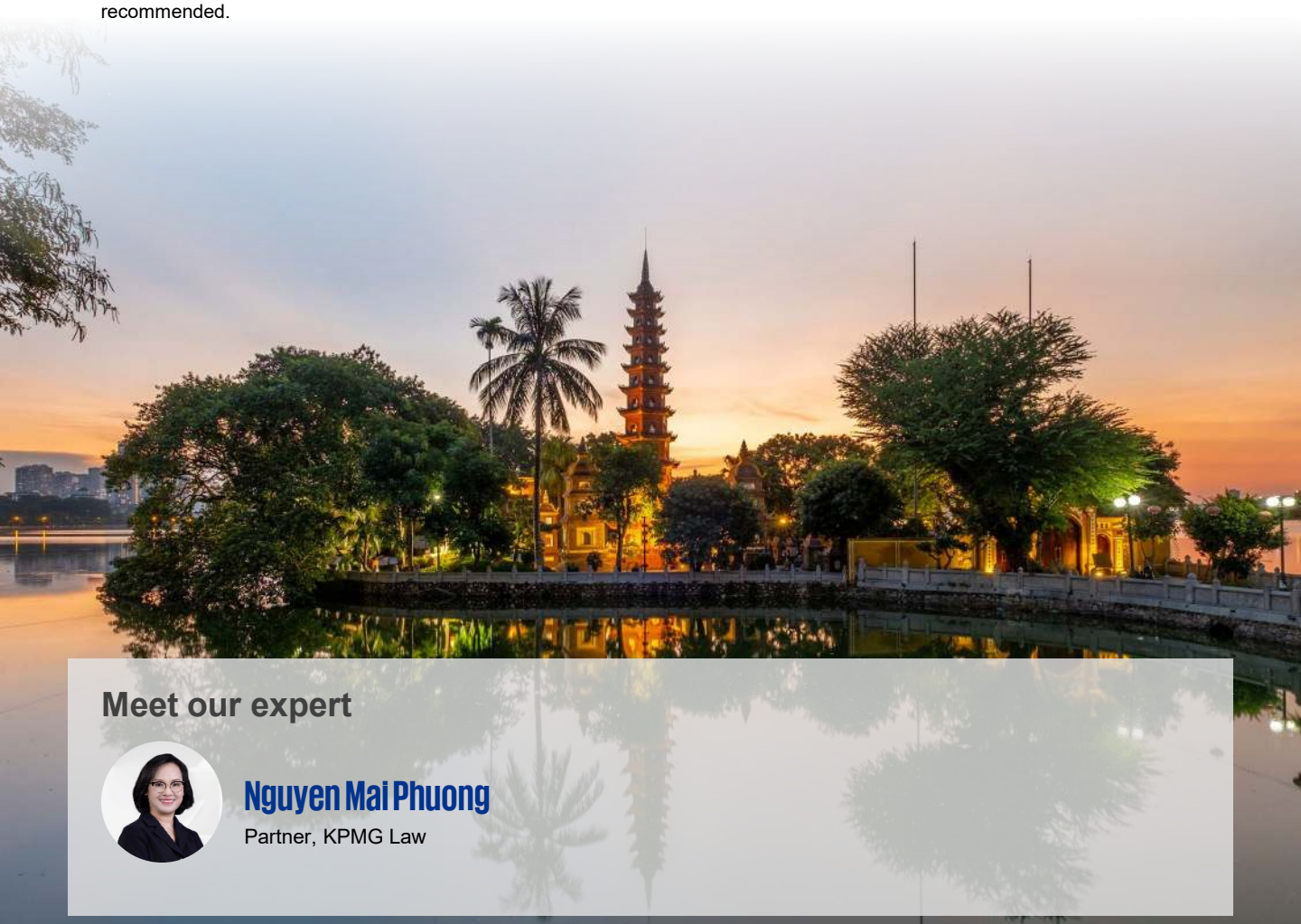
Foreign investors must submit a notification of planned profit remittance to the tax authorities at least seven working days before the remittance date.

Foreign Currency Purchase

Following notification, the foreign investor can purchase foreign currency from authorized Vietnamese banks for repatriation of profits. However, it's important to note that:

- Banks are not obligated to sell foreign currency, even if the investor has the right to buy it.
- The availability of foreign currency depends on market liquidity at the time.

Therefore, building a good relationship with a bank is crucial. Negotiating favorable terms when choosing a bank in Vietnam is recommended.



Meet our expert

Nguyen Mai Phuong
Partner, KPMG Law

Accounting and Reporting (1 of 2)

1. ACCOUNTING REQUIREMENTS

Vietnamese Accounting System, Vietnamese Accounting Standards (VAS), the Law on Accounting 2015 and Amendment to the Law on Accounting 2024 (the Laws)

Enterprises with foreign-owned capital, foreign parties to business cooperation contracts, and foreign contractors that have a resident base in Vietnam (collectively "FIE") are required to adopt Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises, and their interpretive guidance.

The Vietnamese Accounting System for enterprises is issued by the MOF in the form of a bookkeeping manual that provides a standard chart of accounts, financial statements template, accounting books and voucher templates, as well as detailed guidance on accounting double entries for each specific account.

The MOF is in the final stages of issuing a new Circular to bring VAS closer to IFRS, representing a significant milestone in Vietnam's accounting framework. The Circular is expected to be issued by late 2025, effective from January 2026.

Currently, the general requirements of VAS and the Laws include:

- Language: If a foreign language is used in the financial statements in Vietnam, both the Vietnamese language and foreign language should be used simultaneously. Accounting documents in foreign languages must be translated into Vietnamese upon requests from a competent authority.
- Currency: VND is the default currency unit in accounting. An FIE is permitted to use a "foreign currency" as the currency unit in their accounting records if certain criteria are met. However, in such cases, the financial statements submitted to local authorities must be converted into VND and must be audited.
- Digits: Companies, and branches of foreign companies that are required to submit financial statements to parent companies or use the same management software with the parent companies, are allowed to use the comma (,) as the digit grouping symbol and the dot mark (.) as the decimal symbol. However, for those financial statements to be submitted to the tax authority, statistical authority, and government agency, the dot mark (.) must be used as the digit grouping symbol and the comma (,) must be used as the decimal symbol.
- Forms: The prescribed VAS chart of accounts and forms of financial statements must be complied with. There are some industry-specific VAS besides the general one for enterprises such as those for credit institutions, insurance companies, securities companies, fund managers, and investment funds.

2. FISCAL YEAR

The fiscal year applicable to FIEs in Vietnam is normally 12 months, commencing on 01 January and ending on 31 December. FIEs with specific operation characteristics may adopt their own 12-month fiscal year, commencing from the first day of a solar calendar quarter and ending on the last day of the previous solar calendar quarter in the following year. They must inform the local tax authority of the adoption of such a fiscal year.

Where the first fiscal year or the last fiscal year does not exceed 03 consecutive monthly accounting periods, it is allowed to add this period to the following/preceding fiscal year to make up one fiscal year.

3. ANNUAL FINANCIAL STATEMENTS

Within 90 days following the close of the fiscal year, enterprises operating in Vietnam are required to prepare and file Annual Financial Statements to relevant local authorities. FIEs and certain types of entities (such as credit institutions) are required to have their Annual Financial Statements audited by a qualified independent auditor.

For enterprises operating in export processing zones (EPZs) or industrial zones (IZs), Annual Financial Statements may be required to be filed with the management board of the EPZs or IZs. The Annual Financial Statements must be signed off by the preparer, the chief accountant, and the legal representative of the enterprise.

Accounting and Reporting (2 of 2)

4. ACCOUNTING RECORDS AND SUPPORTING DOCUMENTS

Types of Accounting Documents

Types of accounting documents include accounting vouchers, sub-ledgers, general ledgers, and financial statements. Accounting documents should be archived in their original form, except for copied accounting documents specifically permitted by the Law.

Electronic Records

Electronic vouchers and accounting books do not require printing for retention. However, enterprises must guarantee information security and ensure data accessibility throughout the retention period. Enterprises must print electronic accounting documents and have them signed and stamped by the legal representative or chief accountant (or acting chief accountant) whenever a competent authority requests them for inspection or audit purposes.

Document Storage and Retention

Accounting documents and accounting books of an FIE must be stored either at the enterprise's premises in Vietnam or in an external archive facility within Vietnam. This storage requirement applies throughout the operating period specified in its IRC registration. When the enterprise ceases operation in Vietnam, its legal representative determines the storage location for accounting documents unless otherwise prescribed by law. Retention duration varies based on the document type, with minimum periods of five and ten years. Certain types of documents must be retained perpetually.

5. APPOINTMENT OF CHIEF ACCOUNTANT OR PERSON IN CHARGE OF ACCOUNTING

Enterprises are required to appoint a Chief Accountant or hire external chief accountant services. The Chief Accountant must satisfy the criteria and conditions stipulated by the Law on Accounting and its guiding regulations. If not immediately able to appoint a Chief Accountant, the enterprise may appoint a person in charge of accounting for a period not exceeding 12 months. Very small enterprises may appoint a person in charge of accounting instead of a Chief Accountant.

Foreigners may be appointed as Chief Accountants if they possess:

- A certificate of accounting expertise or an accounting/auditing certificate recognized by the MOF and issued by a foreign professional body.
- An accounting/auditing professional practicing certificate issued by the MOF.
- A Chief Accountant certificate obtained after passing a MOF-prescribed chief accountant training course.
- At least 2 years of accounting experience, including at least 1 year of accounting experience in Vietnam.
- The Law prohibits the following individuals from assuming the role of accountant within an enterprise:

Those responsible for the enterprise's direction and management:

- Storekeepers.
- Cashiers.
- Individuals responsible for the entity's purchasing and sales.

6. INTERNAL CONTROL SYSTEM

The enterprise must establish an internal control system to:

- Ensure its assets are safeguarded and protected from inappropriate and inefficient use.
- Ensure transactions are approved by authorized persons and completely recorded to serve as the basis for the preparation and presentation of financial statements that give a true and fair view.

7. DRAFT CIRCULAR TO REPLACE CIRCULAR 200

From 2026, enterprises will need to:

- Update their chart of accounts and align financial statement presentation with new regulatory requirements.
- Enhance disclosures in line with international practices.
- Invest in capabilities – people, processes, and systems – to meet IFRS standards.

Meet our expert



Chang Hung Chun
Managing Partner, Head of Audit

Vietnam to adopt IFRS nationwide

Vietnam's commitment to IFRS has been reinforced by Decision 345/QD-BTC (2020) and the amended Law on Accounting (2024). A draft Circular on IFRS implementation is under preparation, detailing the scope, subjects, and procedures for adoption, also with an expected effective date of 01 January 2026.

Preparation (2020-2021)

Voluntary application (2022-2025)

- Parent companies of state-owned economic groups operating on a large scale or with loans funded by international financial institutions
- Listed companies
- Large-scale unlisted public companies
- Other parent companies
- Foreign-invested enterprises that are subsidiaries of parent companies located overseas

Compulsory application (from 2025)

- Parent companies of state-owned economic groups
- Listed companies
- Large-scale unlisted public parent companies
- Other parent companies

Source: Decision 345/QD – BTC (2020)

Benefits of IFRS



Source: KPMG Analysis

Factors positively impacts the adoption and promotion of IFRS in Vietnam

- **Compliance with accounting regulations (CAR)** has a direct, positive and decisive influence on adopting and promoting IFRS in Vietnamese enterprises.
- **Accountants' professional qualifications and experience** are the factors that have the most decisive influence on CAR. If the accounting staff is thoroughly trained and fostered in accounting and tax knowledge and accumulated experience from practice, they will clearly understand the nature of the economic transactions, thus making it easier to apply IFRS.
- The **qualifications and awareness of managers** are also factors that directly, powerfully and positively affect CAR and, therefore, indirectly affect the adoption of IFRS.
- **Tax pressure** is a factor that has a direct, negative relationship and substantially impacts CAR and, therefore, significantly affects the adoption of IFRS.
- **Accountants' psychology** has a direct negative effect on CAR and therefore has an indirect negative relationship with the IFRS adoption.
- **Enterprise size**, **audit performance**, **accounting regimes and circulars**, and **benefits of applying IFRS**, directly and positively affect CAR and, thus, have an indirect, positive impact on adopting IFRS.

Source: Heliyon

Meet our expert



Lam Thi Ngoc Hao
Partner, Head of Business Transformation

Data privacy continues to grow in importance

The deployment of privacy invasive technologies (like Big Data, mobile apps, customer profiling, etc.) is growing, and the quantity and impact of privacy-related scandals rise in tandem. Organizations risk losing the trust of their clients and employees when personal data is not protected adequately.

Moreover, regulators worldwide are intensifying their oversight and enforcement actions on data protection. Both within and outside Vietnam, new rules and regulations are being developed to effectively combat and prevent privacy issues.

Vietnam's data law has evolved significantly with the introduction of new legislation, most notably the 2024 Law on Data, following the 2023 Personal Data Protection Decree (Decree 13). This framework establishes comprehensive regulations for data management, personal data protection, and cybersecurity, with major implications for businesses operating in the country.

Vietnam's first-ever Data Law unfolded

- **Regulated data**

The law governs digital data, including both personal and non-personal data, such as business information and aggregated, non-identifiable data.

- **Regulated activities**

The law regulates the entire data lifecycle – collection, storage, sharing, analysis, encryption, cross-border transfers, and government access – while overseeing key state initiatives like the National Data Center, National Integrated Databases, and Data Sharing Platforms.

For the first time, it extends to data-related products and services, including Intermediary Data Products and Services, Data Analysis and Aggregation Products and Services and Data Platform Services.

- **Regulated subjects**

The law applies to Vietnamese individuals, organizations, authorities and foreign entities engaged in digital data activities related to Vietnam.

For the first time, it recognizes "data ownership" as a property right under civil law, granting data owners full control and exchange rights. It also introduces the role of "data manager", tasked with handling and operating data on behalf of owners.

Meet our experts



Bui Thi Thanh Ngoc
Partner, Legal Services



Tran Bao Trung
Director, Legal Services

Timeline

2021

Vietnam's Personal Data Protection Draft Decree

Ministry of Public Security (MPS) released a draft decree on personal data protection which sets out principles of data protection, including purpose limitation, data security, data subject rights, and the regulation of cross border data transfers.

2022

Resolution No. 27/NQ-CP

The Vietnamese Government issued Resolution No. 27/NQ-CP on 07 March 2022 approving the latest version of the draft Personal Data Protection Decree ("PDPD"). Resolution 27 also designated the MPS as the authority to develop Personal Data Protection Law.

2023

Resolution No. 13/NQ-CP

On 07 February 2023, the Vietnamese Government issued Resolution No. 13/NQ-CP approving the substantive contents of the draft PDPD which was updated based on the comments provided by the National Assembly Standing Committee on the previous version of the draft PDPD.

Decree No. 13/2023/ND-CP

On 17 April 2023, the Government issued Decree No. 13/2023/ND-CP on Personal Data Protection, which took effect from 01 July 2023. Decree 13 provided more detailed data protection and cybersecurity obligations with respect to personal data processing activities.

Draft Decree on Cybersecurity and Administration Sanctions

To ensure the enforcement of the regulations on cybersecurity and personal data protection, on 31 May 2023, The MPS circulated a 3rd version of draft decree on cybersecurity administration sanctions for public consultation.

2024

Law on Data

Vietnam's first Law on Data (Law No. 60/2024/QH15) was passed by the National Assembly on 30 November 2024 and will come into effect on 01 July 2025.

2025

Decree No. 24/2025/ND-CP

On 21 February 2025, the Government issued Decree No. 24/2025/ND-CP, which amends and supplements several provisions of Decree 98/2020/ND-CP on administrative penalties in consumer rights protection. The new decree increased sanctions for violations related to data privacy.

Vietnam unlocking private sector (1 of 2)

On 04 May 2025, Vietnam's Politburo introduced Resolution 68-NQ/TW on developing private economy, representing a symbolic move in Vietnam's economic reform, highlighting private sector as the driving force for growth and innovation. The resolution will address existing barriers and foster a supportive environment for business, contributing to the national economic progression.

Core vision

20 global companies

Resolution 68 notably targets the formation of 20 major private enterprises by 2030, specifically to integrate them into global value chains and drive industrial growth.

Targeted support

Resolution 68's specialized support for SMEs includes tax incentives and free digital tools, alongside facilitating their access to land, capital, human resources, and promoting innovation for global integration.

Achieving parity

The government is committed to ensuring equal treatment for private enterprises, restructuring SOEs through divestment, and emphasizing "no limits" to the private sector's role across key industries.

Key targets

By 2030

- Increase the number of private sector enterprises in Vietnam from nearly 1 million at present to 2 million.
- Develop at least 20 large private corporations with strong brands, integrated into the global value chain.
- Achieve 10-12% economic growth in the private sector, contributing about 55 - 58% of GDP.
- Rank among the top three in ASEAN and top five in Asia for innovation, technology, and digital transformation.

By 2045

- Further increase the number of active private enterprises to at least 3 million.
- Develop rapidly, strongly, and sustainably.
- Proactively participate in global production and supply chain, and possess high competitiveness at both regional and international levels.
- Contribute over 60% of GDP.

Key policies

To institutionalize the direction in Resolution No. 68-NQ/TW, on 17 May 2025, the National Assembly passed Resolution No. 198/2025/QH15 (Resolution 198) on special mechanisms and policies for private economic development, applicable to enterprises, business households, business individuals and other relevant organizations and individuals. Some special support policies stated under Resolution 198 are as follows:

1. Inspection and audit activities applicable to enterprises, business households and business individuals

- No inspection or audit - including interdisciplinary inspection will be carried out more than once in a year; in the same year, any aspect of state management that has been audited will not be inspected (or vice versa), except for cases where there are obvious signs of violation.
- Tax audit at taxpayers' premises are exempted for enterprises, business households and business individuals who have a good track record of compliance with the prevailing regulations.

2. Support for access to land and premises for production and business activities

- High-tech enterprises in the private economic sector, small and medium-sized enterprises, and innovative start-up enterprises are supported to have at least 30% reduction in land sublease payment within the first 05 years from the signing date of land lease contract with industrial park and, industrial cluster developers, and technology incubators.
- Land rental support levels will be decided by the provincial-level People's Committee and the relevant support amounts will be refunded to industrial park and industrial cluster developers, and technology incubators according to the Government's regulations.

3. Financial and credit support

- Interest rate subsidy of 2% per annum for enterprises in the private economic sector, business households and business individuals obtaining loans for implementation of green and circular projects and application of the environmental, social and governance (ESG) standard.

Source: KPMG Analysis, Vietnamese Government

Vietnam unlocking private sector (2 of 2)

4. Tax, fee, and charge related support

- **Corporate Income Tax ("CIT")**
  - CIT exemption for 02 years and 50% CIT reduction in subsequent 04 years shall be applied to income from innovative start-up activities of innovative start-up enterprises, innovative start-up investment fund management companies, and intermediary organizations supporting innovative start-ups.
  - CIT exemption for 03 years shall be applied to small and medium-sized enterprises, counting from the issuance date of initial enterprise registration certificate.
  - Expenses incurred by large enterprises for conducting human resource trainings and re-trainings to small and medium-sized enterprises participating in the chain are deductible for CIT calculation purpose.
- **Personal Income Tax ("PIT")**
  - PIT exemption is applied to individual investors' income from transfer of shares, capital, capital contribution right, share purchase right, capital purchase right in innovative start-up enterprises.
  - PIT exemption for 02 years and 50% PIT reduction in subsequent 04 years are applied to income from salaries and wages earned by experts and scientists from innovative start-up enterprises, research and development centers, innovation centers, and intermediary organizations supporting innovative start-ups.
- **Taxes applicable to business households and individuals**
  - Abolishing the poll tax payment method from 01 January 2026. Instead, business households and individuals shall pay taxes in accordance with the prevailing regulations on tax administration.
- **Business license fee and other fees and charges**
  - Abolishing the license fee from 01 January 2026.
  - Organizations, individuals, and enterprises are exempt of fees and charges in applying for re-issuance of relevant documents due to restructuring and reorganization of the State administrative system.

5. Supporting research, development and application of science, technology, innovation and digital transformation

- Enterprises are allowed to allocate up to 20% of their CIT assessable income to establish a fund for science and technology development, innovation and digital transformation. This fund can be used either for in-house implementation or for outsourcing of research and development activities in science and technology and innovation based on product-based contracting mechanism.
- Enterprises are allowed to deduct 200% of the actual expenses incurred for research and development activities when calculating corporate income tax, in accordance with the Government's regulations.

6. Supporting the formation of medium and large-sized enterprises, pioneering enterprises

- **Expanding participation in national key and strategic projects**
  - The State expands the participation of private sector enterprises in national key projects via different forms such as direct investment, public-private partnership (PPP) or other cooperation models as prescribed by laws.
  - Permits the application of procurement methods such as placement of orders, restricted bidding, direct contracting, or other appropriate forms in accordance with the prevailing laws and regulations applicable to strategic sectors, national key and strategic scientific research projects and tasks, high-speed rail and urban railway systems; foundational and spearhead industries; power infrastructure system, digital infrastructure, green transportation, national defense and security, and other urgent or emergency tasks, ensuring transparency, quality, timeliness, efficiency, and accountability.
- **Supporting the establishment and development of medium and large-sized enterprises, as well as private economic conglomerates of regional and global scale**
  - The State develops programs and allocates supporting budgets through the following initiatives:
  - A program to develop 1,000 pioneering enterprises in science and technology, innovation, digital and green transformation, high-tech industries, and supporting industries;
  - The "Go Global" program, aimed at supporting enterprises in accessing international markets through assistance in areas such as market access, financing, technology, branding, distribution channels, logistics, insurance, consulting, legal services, mergers and acquisitions, networking with multinational corporations, and resolving business and trade disputes.

7. Enforcement effect

- This Resolution shall take effect from the date of ratification by the National Assembly.
- The provisions of this Resolution shall take precedence in case of discrepancies on the same matter between this Resolution and other laws or resolutions of the National Assembly, except where other legal normative documents provide for more preferential or favorable mechanisms or policies.

Source: KPMG Analysis



05 Supplements

Vietnam's provincial restructuring

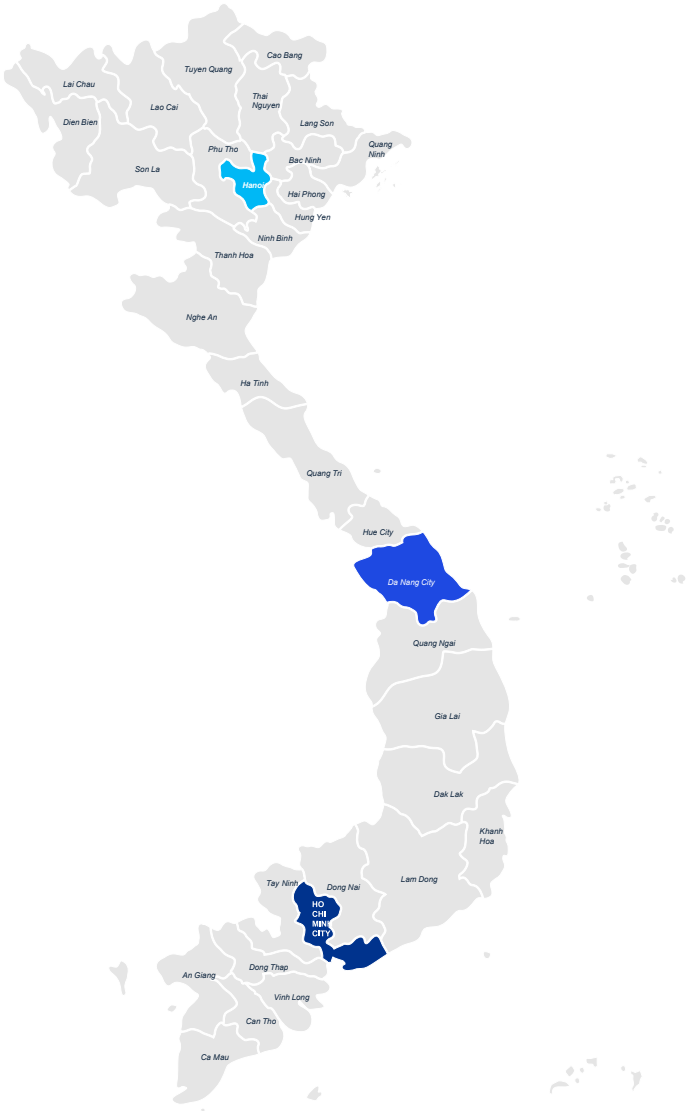
On 12 April 2025, Vietnam's 13th Party Central Committee approved Resolution No. 60-NG/TW, initiating a reorganization of administrative units and establishing a two-tier local governance system.

Vietnam's map after provincial merger

Old map



New map



Summary of Resolution 60/NQ-TW

- **Reduce from 64 provincial administrative unites to 34 provincial administrative unites**
- **Removal of district-level administrative units**
- **Merger of communal-level administrative units**

Source: B&Company Vietnam, KPMG Analysis

KPMG SERVICE

Supplements

Why KPMG – Market Entry Group (1 of 3)

Our team of experts, who possess a breadth of knowledge across accounting, finance, tax, and law, collaborate effectively to share insights and contribute to the success of your business.

The mission of this group is to provide international standard services to potential market participants. The group acts as a bridge between participants and Vietnam's authorities and trading partners, providing intelligence, advice and support regarding Vietnamese regulatory, financial and commercial issues.

Where necessary and appropriate, KPMG will work with external partners, including Vietnamese consulting firms, to ensure the success of Market Entry projects.

Whether providing a comprehensive *"turnkey"* market entry solution, or addressing a specific issue or problem in support of a larger project, KPMG has the resources and expertise to provide dedicated professional support to entities exploring, entering or altering their presence in the Vietnamese market.

Market Entry Process

Phase 1



Pre-Licensing
Market Entry Strategy
Tax & Legal Analysis

Phase 2



Deal Execution
Green Field Or Deal

Phase 3



Post-Deal
Post Deal Support

KPMG's Market Entry process recognizes that the key to a successful project is rigorous research and analysis, specifically tailored to the target industry, before decisions and commitments are made. This applies whether the Market Entry is conducted by way of an acquisition, greenfield investment, or third-party contractual arrangement.

PHASE 1 – PRE-LICENSING

MARKET ENTRY STRATEGY

Our Strategy team comprises multi-disciplinary, industry-focused professionals who advise on local and cross-border transactions. Leveraging KPMG's global network of industry specialists, we provide expert guidance on specific deal issues. Whether you're considering an acquisition, expansion, divestment, merger, joint venture, 100% foreign investment, or other strategic alliances, we offer the ideal blend of strategy skills, commercial knowledge, and practical deal experience.

Our comprehensive services span the entire deal spectrum, from pre-deal investigations to post-transaction advisory. Key service highlights include:

- **Market due diligence**

  With your planned investment in mind, we carefully analyze the market size, growth potential, regulatory environment, competition, key drivers, and potential future developments. This analysis helps you assess the industry's attractiveness and determine whether the opportunity aligns with your goals as you develop a strategy for market entry or expansion.

- **Corporate intelligence / background check**

  Recognizing that the right partner is crucial for success in a new market, we help you assess potential business partners in Vietnam. Our evaluation covers their business license, operations, financial situation, and the management team's reputation.

- **Commercial due diligence (CDD)**

  When you consider market entry through acquisition of an existing player ('the target'), we assist your decision-making process with a comprehensive Commercial Due Diligence (CDD). A CDD evaluates the target's market position and its potential for success. We analyze key factors including market conditions and outlook, macroeconomic influences, industry structure, regulatory environment, competitive position, and relationships with key customers and suppliers. Crucially, we challenge the target company's growth forecasts, ensuring they align with anticipated market changes.

- **Regional and location analysis**

  Choosing the right location for your operation can be complex. You'll need to consider not only costs but also navigate the regulatory complexities that vary between provinces and localities. We can help you analyze and develop a strategy considering both financial and non-financial factors.

KPMG

KPMG SERVICE

Supplements

Why KPMG – Market Entry Group (2 of 3)

PHASE 1 – PRE-LICENSING

TAX AND LEGAL ANALYSIS

Our **Pre-Entry Issues Advice** helps you make informed decisions and develop market entry plans based on all available information to avoid unforeseen challenges. Here's what it covers:

Deal structuring and corporate structuring options

Through analysis, we present you with a range of alternative structures for your Vietnamese deal and business presence, highlighting the advantages and disadvantages of each option.

Vietnamese tax issues

This includes discussions of corporate taxes, transaction-related taxes, import/export duties, and how to maximize applicable tax incentives.

Business licensing issues

We'll guide you through the applicable licensing process, focusing on restrictions or conditions placed on foreign participation. We will explain the procedures involved while highlighting practical issues based on our experience.

Additionally, we can facilitate discussions with relevant licensing or tax authorities to clarify unclear or contentious issues regarding licensing procedures or tax treatment. These discussions can be conducted anonymously ('no names' basis) or formally, depending on your needs.

Employee issues

This includes employing foreign and domestic workers, as well as addressing the associated tax and immigration concerns.

Foreign exchange management

We address foreign exchange issues and provide guidance on managing them effectively. We also explain the applicable accounting and financial reporting requirements.

Customs and supply chain analysis

Together with our customs specialists, we can help you optimize and manage your global supply chain, considering both domestic customs regulations and any applicable bilateral or multilateral free trade agreements..

Intellectual Property ("IP") issues

Our support covers intellectual property (IP) considerations for your market entry plans. We'll analyze your needs and advise on a comprehensive IP strategy encompassing registration, protection, enforcement, acquisition, and commercialization. We collaborate directly with the IP Office of Vietnam and the Copyright Office of Vietnam for applications, prosecution, and recordal of licenses and assignments.

PHASE 2 – DEAL EXECUTION

The approach taken in the licensing or deal execution phase depends on the chosen market entry strategy. Acquisitions, for instance, typically involve comprehensive financial, tax, and commercial due diligence.

Tax and legal due diligence (TDD and LDD)

Tax and legal due diligence (TDD and LDD) helps you evaluate the potential tax liabilities and legal risks of a target company by reviewing and assessing its past, present, and future tax and regulatory compliance. Our professionals apply the insights gained from this comprehensive due diligence to negotiate transaction documents and determine post-deal remedial measures.

Financial due diligence (FDD)

KPMG's Deal Advisory Services professionals will help you evaluate the target's financial situation and assess the validity of the assumptions used in their projections.

Commercial due diligence (CDD)

As mentioned earlier, a Commercial Due Diligence (CDD) evaluates a target company's market position and its potential for success.

We analyze key factors such as market conditions and outlook, macroeconomic influences, industry structure, regulatory environment, competitive position, and relationships with key customers and suppliers.

Our integrated approach, combining commercial, financial, and tax due diligence services, provides you with a comprehensive understanding of the business.

Licensing support

KPMG's Licensing Support provides a clear view of Vietnamese legal requirements, licensing procedures, and the latest government policies. We tailor our research and analysis of current regulations to your specific business needs and strategy.

Importantly, all deals in Vietnam, including acquisitions and joint ventures, require licensing authority approval. Utilizing our established network of government agencies, we assist clients in preparing documents for applications, including joint venture contracts, feasibility studies, and company charters. We follow up with the authorities until a full investment license is issued.

Negotiation assistance

Leveraging our deep understanding of Vietnamese law, culture, and local expertise, we assist you in negotiations with your target, joint venture partner, or licensing authorities, ensuring you enter negotiations with confidence and avoid unforeseen challenges.

KPMG also provides support in liaising with authorized translation firms in Vietnam, obtaining domestic legislation for foreign documentation, and providing Vietnamese contacts and liaison personnel.

KPMG

KPMG SERVICE

Supplements

Why KPMG – Market Entry Group (3 of 3)

PHASE 3 – POST-DEAL

To help you realize value in your deal, our post-deal services start well before the transaction is concluded. Building on the pre-deal synergy evaluation, we validate and quantify the available synergies. Integrating these with our integration framework enables us to flag integration issues early and helps prepare the business for a smooth post-deal operation from day one. The framework defines the organizational, operational, employee, customer, and regulatory concerns that must be addressed. We will also advise you on risky areas of the transition period.

Our immediate post-licensing services include handling statutory establishment public notices, tax code and official seal applications, labor issues, key personnel registration, and accounting system registration. Our post-licensing support effectively manages your compliance effort in a timely manner while saving your valuable time for business-related work.

We also offer tax compliance as well as tax and regulatory advisory services. Our tax professionals help our clients meet the more demanding and complicated requirements of the Vietnamese tax authorities in tax compliance obligations, including meeting deadlines for filing tax returns, paying the correct amount of tax, and enjoying the maximum tax incentives available in Vietnam.

In addition to the above services, KPMG offers Audit, Advisory, Transfer Pricing and Customs Advisory to our clients.

Consulting Services

It is critical that integrations or divestitures are planned and implemented effectively to achieve the goals that led to the transaction in the first place. Companies are seldom able to sustain an internal group to facilitate this while also maintaining business as usual. This is where our Consulting Services team can step in.

Our team provides the necessary experience and effectively supports you in realizing value as quickly as possible, while meeting statutory requirements. Our professionals combine strong technical capabilities with relevant industry experience and the ability to offer practical advice leveraged by our extensive domestic and international resources.

By smoothly consolidating operations and streamlining processes during the transaction closing process and in the months following a merger, we can help you realize the expected benefits of the deal. These benefits include both cost and revenue synergies related to rationalized organization structures, consolidating back-office, information technology, supply chain and operational functions, and optimized sales channels..

Some of the services we provide are

This includes discussions of corporate taxes, transaction-related taxes, import/export duties, and how to maximize applicable tax incentives.

- Integration/Divestiture Management Office services and change and communications management
- Preparation for “Day One”
- Target operating model and organizational design
- Functional integration, including Finance; IT; HR; Supply Chain; Procurement; Sales & Marketing; Customer Services
- Risk & Compliance

Meet our experts



Nguyen Thanh Hoa
Partner, National Head of Licensing



Luke Treloar
Partner, Head of Global Strategy Group



Awards for KPMG Advisory Services

During 2009-2024, **KPMG won the Vietnam Outstanding M&A Advisor of the Year award** from VIR and the Ministry of Finance.

Asia Risk Awards 2023

In 2023, **KPMG was named Risk Management Consultant of the Year at the Asia Risk Awards**. This marks KPMG's third win, following previous victories in 2020 and 2022.



Contact us

Mandarin-speaking Desk

Lim Chew Teng
HCMC & Hanoi

Chen Chia-Chen (Brian)
HCMC, Taiwanese Desk

Fang Kun
HCMC

Nguyen Thanh Tu
Hanoi

Korean Desk

Kang Shin Mok (Matt)
HCMC

Park Seung-Hwan (Eric)
Hanoi

Japanese Desk

Taninaka Yasuhisa
HCMC & Hanoi

Furuya Hideki
HCMC

Thai Desk

Phakkhanit Ua-Amornwanit (Gift)
HCMC

Kaewsrion Punnika (Om)
HCMC & Hanoi

Central Region

Pham Thi Bich Hien
Da Nang office

For further inquiries, please contact

Tran Thanh Tam
Head of Markets Group

Nguyen Thi Thu Tam
Head of Marketing & Communications

Our offices

Vietnam

Hanoi

46th Floor, Keangnam Landmark 72, Pham Hung Street, Yen Hoa Ward, Hanoi, Vietnam

T +84 (24) 3946 1600

Ho Chi Minh City

No. 115 Nguyen Hue Street, Sai Gon Ward, Ho Chi Minh City, Vietnam

T +84 (28) 3821 9266

Da Nang

5th Floor, Indochina Riverside Towers, 74 Bach Dang Street, Hai Chau Ward, Da Nang City, Vietnam

T +84 (236) 351 9051

Scan to visit our website: kpmg.com.vn
Email: info@kpmg.com.vn

Cambodia

Phnom Penh

35th Floor, GIA Tower, Sopheak Mongkul Street, Diamond Island, Sangkat Tonle Bassac, Khan Chomkarmon, Phnom Penh, Kingdom of Cambodia

T +855 (17) 666 537 | +855 (81) 533 999

Scan to visit our website: kpmg.com.kh
Email: info@kpmg.com.vn

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 KPMG Limited, KPMG Tax and Advisory Limited, KPMG Law Limited, KPMG Services Company Limited, all Vietnamese one member limited liability companies and member firms of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

© 2025 KPMG Cambodia Ltd., a Cambodian single member private limited company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

Document Classification: KPMG Public