

FR EN

We use cookies to make your connection secure and make statistics about the number of visits. In order to get more information about cookies and find out how to refuse them, [visit our cookie policy page](#).

[Cookies settings](#)

REQUIRED ONLY

ACCEPT
ALL

BUSINESS ENVIRONMENT

THE CONSUMER

Consumer Profile

Vietnam is among the most dynamic, emerging economies of Southeast Asia. It has a young, large population: the under 35 currently represent 55.5% of the population (2019 Population Census Report).

Consumer expenditure has been growing steadily in Vietnam, thanks to rising incomes amid strengthening economic activity. Consumer expenditure's growth had a faster pace compared with income rises, mainly due to the strengthening of consumer confidence in light of Vietnam's bright economic outlook and low unemployment, stimulating confidence in consumers about their future earnings.

63.3% of the country's population lives in rural areas (World Bank - 2019, latest data available), and their consumer expenditure accounts for about 58% of the country's total (Hong Kong Trade Development Council, latest data available). But the average spending by urban residents is still higher than that of rural dwellers, as they account for only 36.6% of the population (World Bank - 2019, latest data available) but spend 42% of the country's consumer expenditure (Hong Kong Trade Development Council, latest data available). Lately, consumption has been influenced by higher living costs as the cost of living is also growing rapidly, especially in urban areas.

Ho Chi Minh City is home to an ever-growing array of shopping malls and supermarkets, nevertheless, Vietnamese consumers still prefer traditional shopping outlets such as wet markets and mom-and-pop stores known as 'tap hoa'. In fact, this type of shops provides a highly personalized shopping experience that allows residents of the surrounding neighbourhood to form friendships with the owners.

Younger generations are increasingly shopping in convenience stores and are keener to shop online, especially for clothing and home appliances. Shopping online is still in its early stages in Vietnam, with international giants like Amazon not available, but sites such as Lazada and Tiki are increasingly sophisticated and convenient.

Consumer Behaviour

The transformation of Vietnam over the last 10 years determined the rapidly changing consumer marketing environment.

Vietnamese consumers are now more confident about their future earnings given the country's economic expansion, which is boosting incomes and consumer spending. As a result, they are increasingly purchasing fashionable and quality products to improve their living standards, although generally, their income levels are still not comparable with Western standards. Foreign brands and suppliers are increasingly distributing medium-priced and value-for-money products to tap this emerging demand.

Reputable brands not only appeal to consumers due to their design or function but also because they are often promoted as being of international quality. Office staff and younger professionals with higher salaries often look for branded products and are used to comparing local and imported items.

Spending on housing, food items and transportation accounts for almost 60% of consumer expenditure (Hong Kong Trade Development Council, latest data available). Consumers, therefore, have become prudent in their spending on other items and tend to look for value-for-money and reasonable quality in order to be able to afford fashionable items.

Online shopping or research on products is not yet widespread in Vietnam, but it has a high-growth potential as internet penetration is increasing.

VINASTAS (Vietnam Standards and Consumers Association)

Import Procedures

Seven ministries and agencies are responsible for overseeing a system of minimum quality/performance standards for animal and plant protection, health safety, local network compatibility (in the case of telecommunications), money security, and cultural sensitivity. Goods that meet the minimum standards can be imported upon demand and in unlimited quantity and value.

Please consult the webpage of [Vietnam Customs](#) for more information.

According to the latest available data from the Vietnamese Ministry of Industry and Trade, there are more than 800 supermarkets, 150 shopping centres and 9,000 traditional markets in the country. 4% of the supermarkets and 25% of the shopping centres are foreign-owned.

Major department stores include Parkson and Diamond Plaza in Ho Chi Minh City, as well as Vincom, Trang Tien Plaza, Grand Plaza, the Manor and Parkson in Hanoi. Lotte Mart is a shopping mall, with outlets in both of these cities.

In the grocery market, Saigon Union of Trading Cooperatives is the leader, while VinPro successfully penetrated the market in 2015. Other big names in this segment include Phu Thai Group and Family Co Ltd.

Traditional wet markets and small independent stores still dominate Vietnam's retail market. Sales generated by traditional retailers in 2019 accounted for 86% of total grocery retail sales according to GSO.

OPERATING A BUSINESS

Type of companies

Limited Liability Company

Number of partners: 1 shareholder and 1 minimum manager; maximum 50. This form of society does not require the presence of an associate of Vietnamese nationality.

Capital (max/min): The minimum capital amount differs depending on the industry.

Shareholders and liability: Limited to capital for partners.

Joint-stock company

Number of partners: Minimum of three partners.

Capital (max/min): No minimum capital required.

Shareholders and liability: Limited to capital for members / shareholders.

Limited partnership

Number of partners: At least 2 shareholders, one of whom is Vietnamese.

Capital (max/min): No minimum capital required.

Shareholders and liability: Limited to capital for sleeping partners, unlimited for managing partners.

General partnership

Number of partners: At least two co-owners.

Capital (max/min): No minimum capital required.

Shareholders and liability: Unlimited to all partners.

Setting Up a Company	Vietnam	East Asia & Pacific
Procedures (number)	8.0	7.3
Time (days)	16.0	29.7

Source: Doing Business - Latest available data.

Cost of Labour

Minimum Wage

According to the National Wage Council, the average minimum wage varies from one province to another. In 2020, it was VND 4,420,000 per month in Hà Nội and HCM City, VND 3,920,000 per month in Cần Thơ, Đà Nẵng and Hải Phòng, in Bắc Ninh, Bắc Giang and Hải Dương provinces it was VND 3,430,000 per month and finally, the rest of the country's minimum wage was VND 3,070,000 per month.

Average Wage

In 2019, the monthly gross average wage was VND 6,714,500 according to the ILO (last available data).

Social Contributions

Social Security Contributions Paid By Employers: 23.5% of wages including 17.5% for social insurance, 3% for health insurance, 1% for unemployment insurance and 2% for the Trade Union Fund (corporate employers only).

Social Security Contributions Paid By Employees: 10.5% of wages including 8% for social insurance, 1.5% for health insurance and 1% for unemployment insurance.

Intellectual Property

National Organisations

The [Intellectual Property Office of Vietnam](#) and the [Copyright Office of Vietnam](#).

Regional Organisations

Intellectual Property Rights Experts Group (IPEG), Intellectual Property Resource of each member economy of the [APEC](#) Community.

International Membership

[Member of the WIPO](#) (World Intellectual Property Organization)

[Signatory to the Paris Convention](#) For the Protection of Intellectual Property

[Membership to the TRIPS agreement](#) - Trade-Related Aspects of Intellectual Property Rights (TRIPS)

TAX RATES

Consumption Taxes

Nature of the Tax

Value Added Tax (VAT)

Tax Rate

10%

Reduced Tax Rate

There are two reduced rates:

- 0% on exported goods and services, including goods and services sold to overseas organizations or individuals outside Vietnam, as well as goods and services supplied to organizations or individuals in non-tariff areas; construction and installation carried out overseas or within export processing zones; international transportation
- 5% on water (except for bottled water); medicine and medical equipment (except for medicine included in medical service package); teaching tools; agricultural products; residential housing for sale or lease.

Several items are exempt from VAT, including livestock; aircraft, oil rigs and ships that are not yet locally produced and that are leased from overseas; land-use rights; credit activities, credit guarantees, financial leases and financial derivative services; capital transfers; securities transfers; life insurance services; health services, veterinary medicine services, including medical examination and treatment services for humans and animals; care services for elderly people and disabled people; education and vocational training; publication of newspapers, magazines and certain kinds of books; public transportation by bus and electric car; reinsurance services; technology transfers; public sewage services; foreign currency trading; credit card issuance; factoring; exported natural resources that are not processed or cover 51% into other products inclusive of energy cost.

Other Consumption Taxes

A special sales tax is levied on certain goods and services including: cigarettes, alcohol, spirits and beer, vehicles with less than 24 seats, petrol, playing cards, joss paper and some air conditioners.

An excise tax is levied on golf, night clubs, casinos, massage centres and karaoke.

An environment protection tax applies to the production and importation of certain goods deemed detrimental to the environment (especially petroleum and coal).

A natural resources tax is payable by industries exploiting Vietnam's natural resources, with rates ranging from 1% to 40%.

Corporate Taxes

Company Tax

The standard rate is 20%

Capital Gains Taxation

Capital gains are taxed as ordinary income at the corporate tax rate of 20%. The transfer value is based on the actual contract price; however, if no contract price is available or if the price stated in the contract is deemed not to be at arm's-length, a deemed fair market value may be used.

Gains earned by a foreign investor from selling securities are subject to corporate income tax at a deemed rate of 0.1% of the sales proceeds. The standard CIT rate will apply to any gains earned by companies not incorporated in Vietnam upon the sale of shares in a non-public, joint-stock company.

Main Allowable Deductions and Tax Credits

Depreciation of real estate, machinery, tangible and intangible assets is tax-deductible. Goodwill can also be amortised for tax purposes.

Start-up and miscellaneous expenses incurred prior to the launch of the business (advertising expenses, training, relocation costs, etc.) are deductible over a period of up to three years since the start of operations. Companies are required to provide proof of such expenses demonstrating that they were necessary and were legitimately done.

Interest charges are generally not deductible while bad debt provisions are only deductible if they have been granted according to the instructions of the Vietnamese Ministry of Finance.

Donations to charities, fines and taxes are generally not deductible. However, donations for education, health care, natural disasters, building charitable homes for the poor, or scientific research can be deducted.

Subject to conditions, companies are allowed to set up a tax-deductible R&D Fund, in which they can appropriate up to 10% of annual profits before tax (conditions apply).

Tax losses can be carried forward in full for up to five years. The carryback of losses is not permitted.

Other Corporate Taxes

A property tax is levied by municipalities on land used for commercial purposes at rates varying between 0.03%

and 0.15% of the land price per square metre.

Stamp duties ranging between 0.5% and 15% are levied on certain types of assets, including real estate.

Inheritances and gifts above VND 10 million are subject to income tax at 10%.

Employers contribute to social security, health insurance, and unemployment insurance at the following rates: 17%, 3%, and 1%; plus 0.5% for labour accident and occupational disease insurance contribution. Foreign employees are subject to health insurance contributions at a rate of 1.5% in certain circumstances and are subject to retirement and death fund contributions for social insurance at a rate of 8% as from 1 January 2022. Please note that occupational diseases and accident funds (0.5%) from an employer's contribution for both Vietnamese and foreign employees were temporarily waived from 1 July 2021 to 30 June 2022 as a COVID-19 relief measure.

A withholding tax on foreign contractors is levied on the supply of goods and services by entities located outside Vietnam. It includes corporate income tax and VAT at effective rates ranging from 0.1% to 15%.

A natural resources tax is payable by industries exploiting Vietnam's natural resources, with rates ranging from 1% to 40%.

An environment protection tax is applicable to the production and importation of certain goods deemed detrimental to the environment (including petroleum, coal, plastic bags, certain chemicals, etc.). The rates range from VND 500/kg (for restricted use chemicals) to VND 50,000/kg (for plastic bags).

Other Domestic Resources

[General Department of Taxation \(GDT\)](#)

[Consult Doing Business in Vietnam website \(World Bank\)](#), Obtain a summary of the taxes and mandatory contributions.

Double Taxation Treaties

Countries With Whom a Double Taxation Treaty Have Been Signed

[See the list of double taxation agreements signed by Vietnam.](#)

Withholding Taxes

Dividends: 0% (paid to companies)/5% (individuals); Interest: 5%(paid to individuals or non-resident companies)/20% (paid to resident companies); Royalties: 5% (individuals)/10% (paid to non-resident companies)/ 20% (paid to resident companies).

