Capital Structures in Vietnam 2026: A Foreign Investor's Guide

Charter capital, investment capital and loan capital, and why the right structure still fails if the money moves through the wrong account.

Alitium

www.alitium.com

About Alitium

At Alitium, we specialise in simplifying the complexities of market entry and business operations across Asia. With a presence in three countries: Vietnam, Singapore, and Malaysia and four offices in the region, including two in Hanoi and Ho Chi Minh City, we provide a multi-market platform of support for international investors.

Within this regional network, Vietnam plays a central role in Alitium's operations. Our presence in Singapore and Malaysia supports regional investment structures and expansion strategies for clients. This combination of regional capability and deep local focus enables Alitium to effectively accompany businesses in their growth journey in Vietnam while connecting them to the broader Asian market.

Our core objective is to empower foreign investors with the clarity, confidence, and tools necessary to build and grow successful businesses in a dynamic and ever-evolving market. With a comprehensive portfolio of services including legal, corporate advisory, accounting, HR, compliance, and tax, we deliver practical and precise solutions tailored to each client's specific needs. Alitium's experienced team of professionals is committed to service excellence, combining deep local insight with a global perspective to help clients achieve lasting success.

Our core mission is to facilitate smooth market entry and sustainable operations for foreign investors. Our legal and licensing services cover company establishment, investment structuring, transactions, and commercial agreements ensuring businesses are set up on a strong foundation from the outset. In addition, Alitium provides specialised corporate advisory services, including market entry strategy, due diligence, project planning, valuation, and risk review equipping investors with comprehensive insights to make informed decisions.

Accounting, HR, and compliance are core strengths of Alitium. We provide ongoing support to ensure clients fully meet their statutory obligations, including bookkeeping, financial reporting, risk management, and payroll services all aimed at maintaining compliance and minimizing risk. Alitium's tax and tax advisory services are particularly distinguished, offering both technical and administrative support to manage tax risks and optimise tax obligations. This long-term strategic approach enables clients to navigate the complexities of Vietnam's tax system while maintaining compliance and maximising financial efficiency.

What differentiates Alitium is our commitment to understanding the specific needs of foreign investors. We recognise that the legal and operational environment in Asia can present challenges, and we therefore deliver clear, practical advice that balances commercial objectives with compliance requirements. This client-centric approach is built on a deep understanding of the region's legal, economic, and cultural landscape.

Alitium places particular emphasis on governance and compliance-key pillars of long-term success. We support clients in building robust governance frameworks to manage risk, ensure adherence to local regulations, and strengthen their market credibility. Through this approach, businesses not only meet legal requirements but also build lasting trust in Vietnam and across the broader Asian region.

Reach out to Alitium to discuss how we can further support your specific strategy and needs via Vietnam@alitium.com

Introduction

Foreign investors looking at Vietnam tend to treat capital structuring as a formality, something to be resolved once and filed away once the Enterprise Registration Certificate and Investment Registration Certificate are issued. That is a mistake, and it is a mistake in two distinct ways.

The first is treating capital structure as a static disclosure rather than a live regulatory position that determines how a project is approved, how it is funded through its build-out and operating phases, how much tax leakage occurs on intercompany financing, and how much flexibility a group retains if a project needs to scale, pivot or exit.

The second, less often appreciated, is assuming that a well-designed structure is self-executing, that once the investment registration certificate or enterprise registration certificate records the intended charter capital and loan capital, the job is done. It is not.

An IRC or ERC records the structure the authorities have approved. It does not, on its own, cure a remittance that was routed through the wrong account, coded with the wrong purpose, or documented incorrectly at the receiving bank.

Vietnam's foreign exchange control regime treats the licence and the money as two separate compliance tracks, and a mismatch between them is one of the most common and most avoidable sources of friction we see.

This guide sets out, in practical and commercially grounded terms, how capital actually works for a foreign-invested project in Vietnam, from how it is structured and licensed through to how it must physically move, referenced against the current legal framework as at the date of writing.

This guide reflects the legal and regulatory framework as at the date of writing, including the Investment Law No. 143/2025/QH15 and its implementing Decree No. 96/2026/ND-CP, Decree No. 255/2026/ND-CP, which took effect on 1 July 2026, and Circular No. 12/2022/TT-NHNN as amended by Circular No. 19/2024/TT-NHNN and Circular No. 80/2025/TT-NHNN. It is intended as a general overview and does not constitute legal or tax advice for any specific transaction. Investors structuring or restructuring capital for a Vietnamese project should seek advice tailored to the project's sector, location and scale before finalising the structure.

Published: September 2026

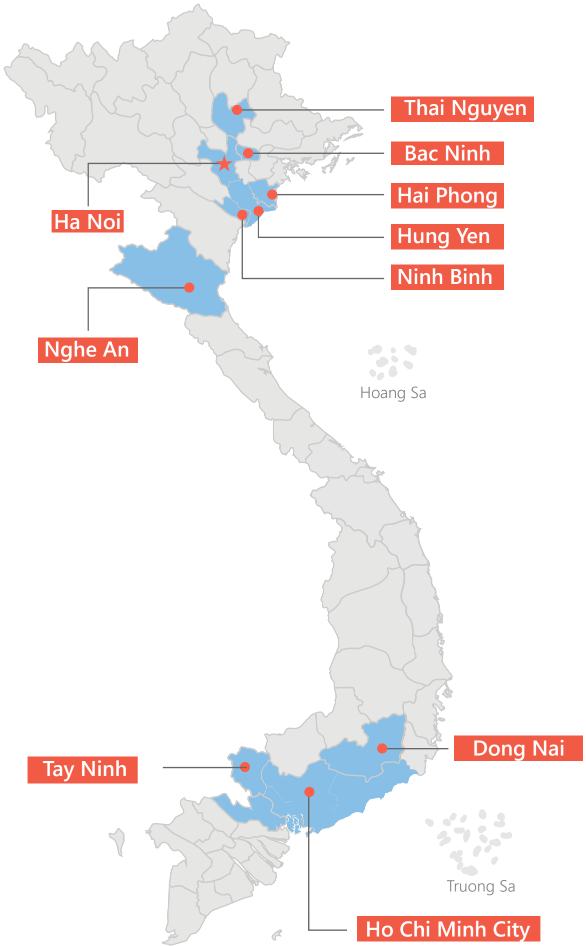
Matthew Lourey
Chairman - Alitium
mlourey@alitium.com

TABLE OF CONTENTS

VIETNAM FDI OVERVIEW: INFLOWS & STRATEGIC HUBS

Vietnam FDI Landscape 2026

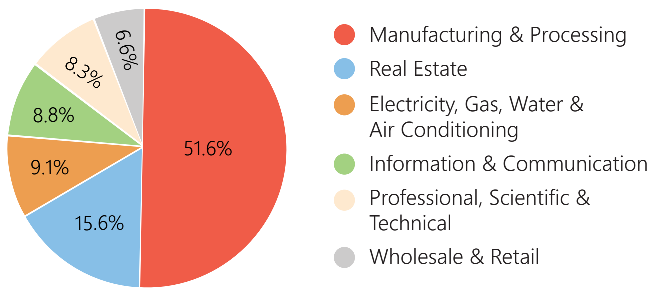
Top FDI Destinations in Vietnam in 2026



Source: Ministry Of Finance Foreign Investment Agency (FIA)

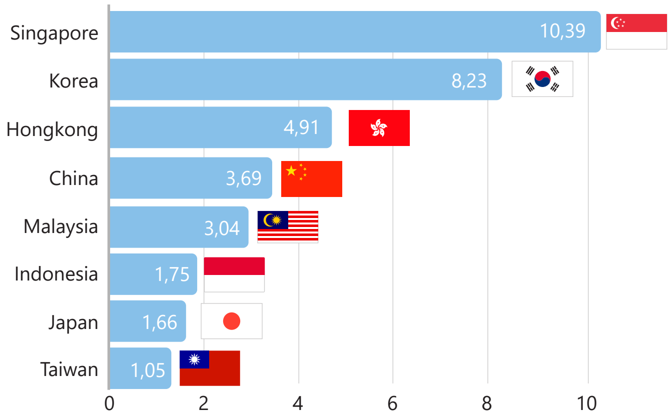
Vietnam's Key FDI Sectors

Source: Ministry Of Finance Foreign Investment Agency (FIA)



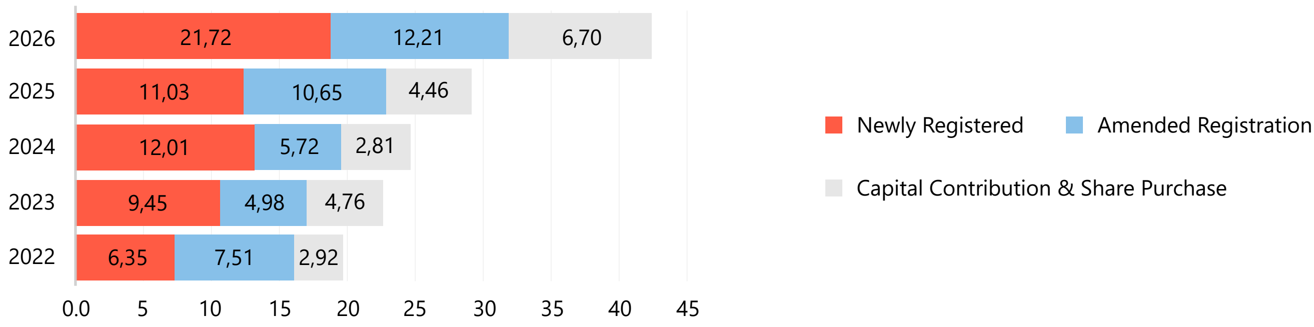
FDI sources into Vietnam in 2026 (US$ billion)

Source: Ministry Of Finance Foreign Investment Agency (FIA)



Foreign Investment Capital Registered in Vietnam, 2022-2026 (US$ billion)

Source: VnEconomy / Ministry of Finance

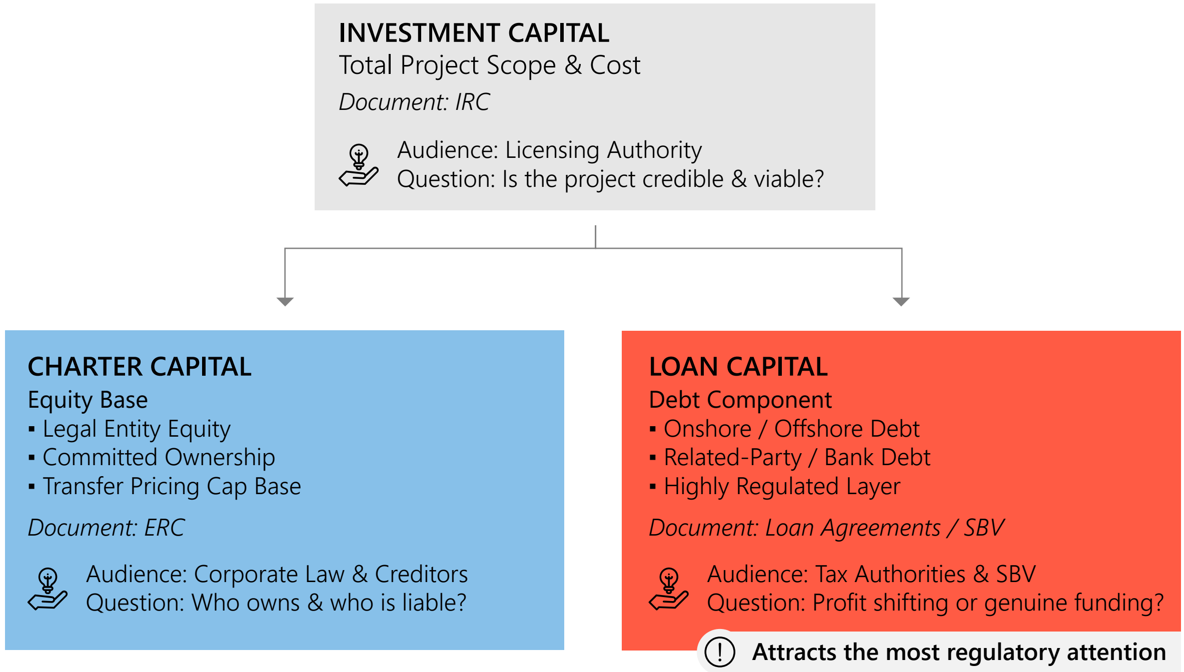


"Three Layers of Capital, Not One"

Three Layers of Capital, Not One

Vietnamese regulators and Vietnamese accountants think about capital in three distinct layers, and conflating them is the single most common error foreign investors make.

Vietnam Foreign Investment Funding Map



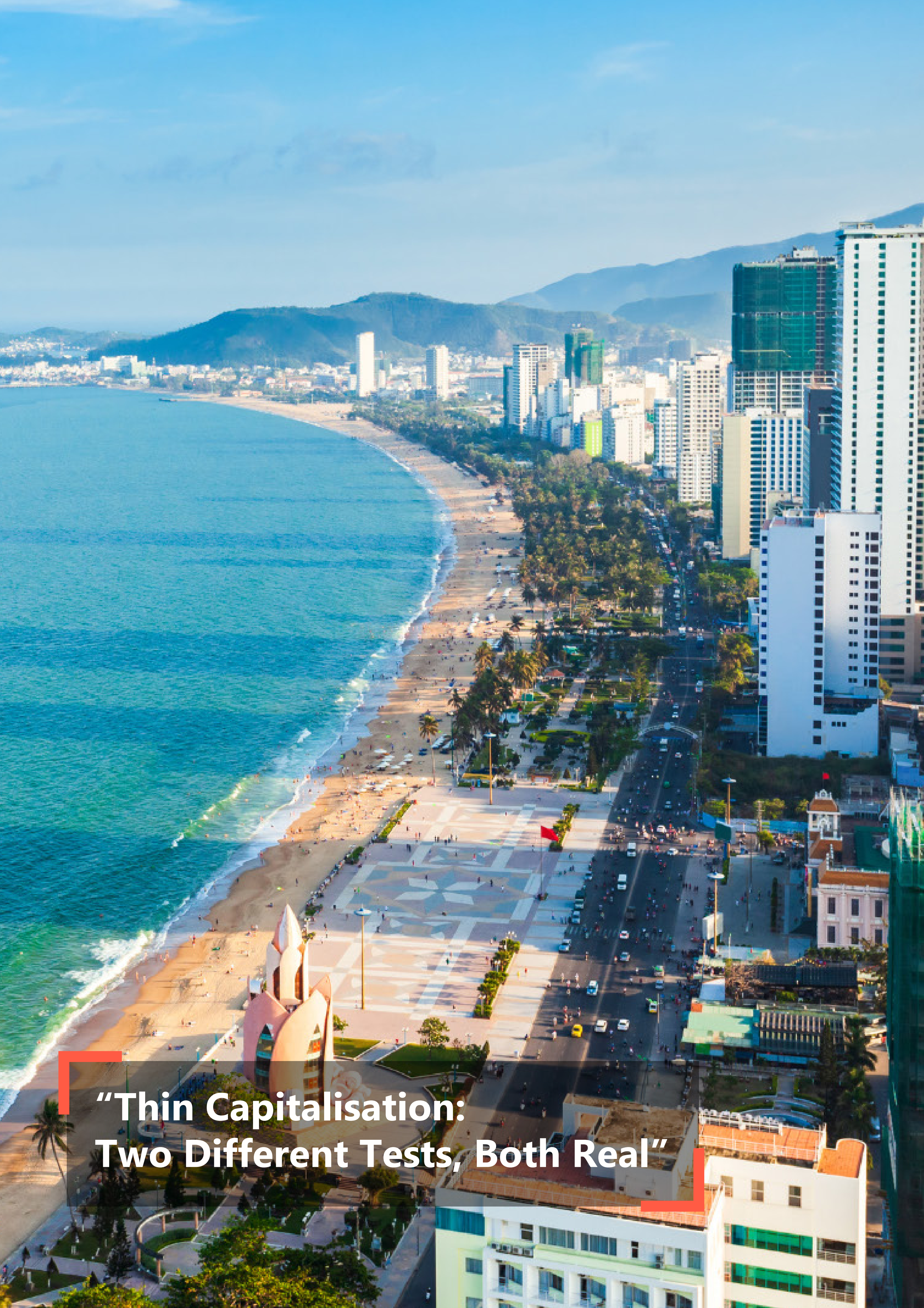
Charter capital is the capital the owners commit to the enterprise itself under its charter, upon incorporation, recorded on the enterprise registration certificate, and it represents the equity base of the legal entity. After incorporation, the charter capital may be registered for an increase, provided that the additional capital is actually contributed. It is what the owners are on the hook for, it is what creditors can look to, and it is the reference point for statutory ratios such as related-party loan thresholds under the transfer pricing rules.

Investment capital is a broader and project-specific concept. It is the total capital required to implement a given investment project, recorded on the investment registration certificate, and it is made up of both the owners' contributed capital and any loan capital the project will draw on. Investment capital is what the licensing authority uses to size the project, calculate the investment project execution security, and assess whether the investor has the financial capacity to deliver what has been proposed. Two projects with identical investment capital can have very different capital structures underneath, one funded almost entirely by owners' equity, the other geared heavily with related-party or bank debt.

Loan capital is the debt component, whether sourced onshore or offshore, related-party or third-party, and it sits alongside charter capital as one of the two funding sources that make up investment capital.

The critical point for structuring is that these three concepts answer different questions to different audiences:

- **Charter capital** answers the corporate law question of who owns the company and what they are liable for.
- **Investment capital** answers the licensing question of whether the project is credible and adequately resourced.
- **Loan capital** answers the funding question of how the gap between charter capital and total project cost will be bridged, and it is the layer that attracts the most regulatory attention, because it is the layer most easily used to move profit rather than fund genuine business activity.



"Thin Capitalisation: Two Different Tests, Both Real"

Thin Capitalisation:
Two Different Tests, Both Real

? Does Vietnam have a thin capitalisation rule in the sense familiar from other jurisdictions, a fixed debt-to-equity ratio that triggers reclassification of debt as equity?

It does not, at least not directly.

What Vietnam has instead is a deductibility cap that achieves a similar commercial effect. Under Decree 255/2026/ND-CP, which replaced Decree 132/2020/ND-CP and Decree 20/2025/ND-CP from 1 July 2026, interest expense on related-party and, in aggregate, on total borrowings is deductible for corporate income tax purposes only up to 30% of EBITDA, calculated on a net interest basis after offsetting interest income. Interest disallowed under the cap is not lost forever, it can be carried forward and deducted in later years where the ratio permits, but the carry-forward window is five years, and a project that never grows into the cap effectively forfeits the deduction.

The related-party test that feeds into this cap has been tightened and clarified since Decree 132 was first issued. Under Decree 255/2026/ND-CP, the two-limb test for lending and guarantee relationships remains: an enterprise that borrows from, or is guaranteed by, another party is treated as related to that party where the outstanding loan or guarantee balance is at least 25% of the borrower's owner's equity, and that balance also represents more than 50% of the borrower's total medium and long-term debt. Both conditions must be met, which is a materially higher bar than the earlier test and gives genuine, non-shareholder credit institution lending more room to sit outside the related-party net, provided the lender does not otherwise control or participate in the management of the borrower. Investors who structured financing around the old threshold should revisit that analysis, since some facilities that were previously treated as related-party debt may no longer be, and vice versa.

A second, less codified consideration is no less real: it is the practical scrutiny that catches investors who structure purely to the letter of the applicable related-party rules. Licensing authorities, banks and the State Bank of Vietnam all form a view, informally but consistently, on whether a project's charter capital is credible against the scale of what is proposed.

A project heavily reliant on shareholder loans with minimal paid-in charter capital reads, to a licensing officer reviewing an investment registration application, as an investor unwilling to commit real capital to the risk of the project

This assessment may affect:

- **Licensing timelines** - The perception affects the timeline for obtaining the necessary licenses.
- **Local bank financing** - It affects the willingness of local banks to extend working capital facilities.
- **SBV registration of shareholder loans** - It affects whether the SBV will register a shareholder loan, particularly where the underlying charter capital appears disproportionately thin relative to the loan being registered.

The practical guidance we give clients is to treat the 30% EBITDA cap and the applicable related-party test as the regulatory floor, not the structuring target, and to size charter capital to what a reasonable licensing officer or lender would expect to see funding a project of that nature, not to the statutory minimum.

"How Projects Are Licensed, and Why Capital Evidence Comes First"

How Projects Are Licensed, and Why Capital Evidence Comes First

For projects requiring an investment registration certificate, and particularly for land-based projects such as a facility inside an industrial park, the licensing process is fundamentally a capital adequacy exercise before it is anything else.

The Department of Planning and Investment or the relevant Industrial Zone Authority does not simply ask what the investor intends to build, it asks the investor to demonstrate, with evidence, that the capital exists to build it. Decree 96/2026/ND-CP, which implements the current Investment Law, has in fact relaxed part of this evidence requirement:

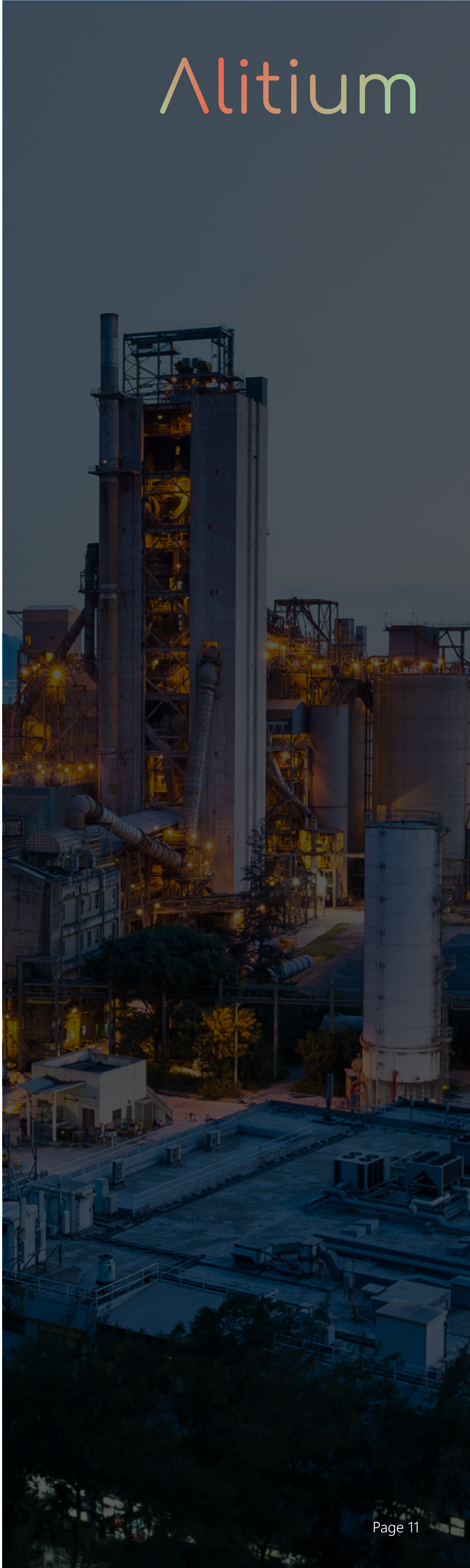
- Unless a specific law requires otherwise, investors are no longer obliged to submit **audited** financial statements for the two preceding years;
- Financial support letters or guarantees from a parent company, bank or;
- Other guarantor are no longer subject to a mandated validity period.

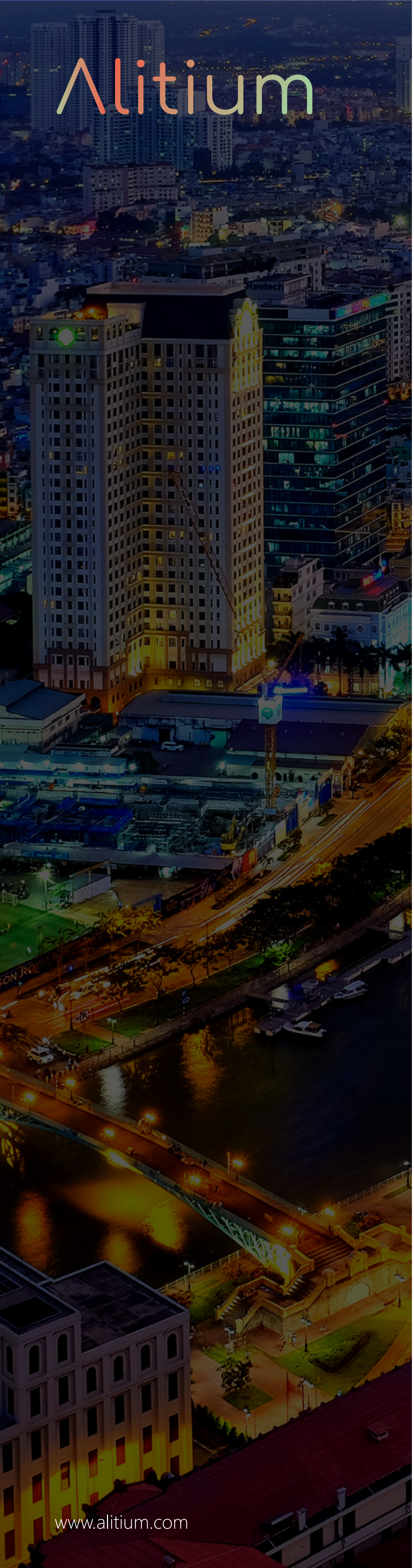
That is a welcome simplification, but it changes the form of the evidence expected rather than the underlying test, licensing authorities still expect the equity and loan components of investment capital to be corroborated, whether through financial statements, bank confirmations, term sheets or shareholder loan commitments.

The governing statute for this evidence requirement is now the Investment Law No. 143/2025/QH15, adopted on 11 December 2025 and effective from 1 March 2026, which replaced the 2020 Investment Law.

Where a project sits on land allocated or leased by the State, or where land use purpose is being changed for the project, Article 30 of the 2025 law, read together with its implementing decree, requires an investment project execution security, generally structured as a deposit or bank guarantee scaled to the investment capital committed.

Decree 96/2026/ND-CP has moved this from a single fixed-percentage model toward a more detailed, progress-linked framework, with the deposit amount, refund timing and any adjustment for a change in project scale or phasing tied to milestones rather than released as a single lump sum at completion.





How Projects Are Licensed, and Why Capital Evidence Comes First

For larger projects this makes a bank guarantee a genuine financing and structuring decision rather than a simple compliance box, since it changes how much of the investor's own facility headroom is tied up against the project over its build-out period.

Where the project falls within the scope of the real estate business rules, a further and separate equity floor continues to apply:

- The investor's owner's equity must be no less than 20% of total project investment capital where the land area used is under 20 hectares, or
- No less than 15% where it is 20 hectares or more, and where an investor runs several projects concurrently its equity base must be sufficient to cover all of them at these ratios simultaneously, not on an averaged basis.

> A further constraint worth flagging for clients structuring processing, manufacturing or certain distribution projects is that some project approvals come with an implicit or explicit ceiling on the scale of activity the licensed capital is deemed to support, most visibly in export processing enterprises and in projects where the approved production or revenue scale is tied directly to the investment capital and land area licensed.
>
> Where a project's actual revenue or output materially exceeds what the original capital and scale assumptions were licensed against, the investor should expect the authority to require an amendment to the investment registration certificate, and in practice that amendment is not approved on paper alone, it requires fresh evidence of additional capital, whether contributed or borrowed, sized to the expanded scale of operations.
>
> Investors who scale quickly and treat this as a compliance afterthought frequently find themselves negotiating a capital increase under time pressure, at a point where leverage in the negotiation has shifted toward the authority rather than the investor.

“Loan Capital: Term Structures and State Bank Registration”

Loan Capital: Term Structures and State Bank Registration

Foreign Loan Registration Timeline

01
Starting Point
Loan Agreement Signed
The loan agreement or guarantee contract is executed. Retain signed documents and establish the transaction account with the servicing bank.

02
30/60 Working Days
Registration Trigger Assessed
- 30 working days generally from the signing date or relevant triggering event.
- 60 working days may apply in certain cases involving short-term loans that become subject to registration.

03
10 Working Days
SBV Dossier Review
After SBV officially receives a complete and valid dossier, it issues a registration confirmation or a reasoned refusal within 10 working days.

04
After Confirmation
Loan Execution
The commercial bank processes drawdown, interest and repayment transactions through the registered foreign loan account in accordance with the confirmed terms.

Foreign loan capital into Vietnam is regulated primarily through State Bank of Vietnam circulars, currently Circular 08/2023/TT-NHNN on the conditions for offshore loans not guaranteed by the Government, as amended by Circular 19/2024/TT-NHNN, read together with Circular 12/2022/TT-NHNN on foreign exchange management for borrowing and repayment of foreign loans, as amended most recently by Circular 80/2025/TT-NHNN, effective 25 January 2026. The distinction between loan tenors is not academic, it drives both what the loan can be used for and what registration obligations attach to it.

Short-term foreign loans, broadly those with an original term of one year or less, are restricted in purpose to restructuring existing foreign debt or funding short-term payables arising from an investment project, business plan or other project, calculated in accordance with applicable accounting rules. They are not, as a general matter, required to be registered with the SBV at inception, but that exemption is conditional rather than permanent: a short-term loan that is extended so that its total term exceeds one year, or that remains outstanding on the first anniversary of initial drawdown without being repaid, converted into shares or capital contribution of the lender, or forgiven, within 30 working days of that anniversary, becomes subject to mandatory registration at that point. The applicable registration deadline is generally 30 working days, although certain cases involving short-term loans that become subject to registration are subject to a 60-working-day deadline.

Medium and long-term foreign loans, those with an original term exceeding one year, must be registered with the SBV, and the current registration deadline under Circular 12/2022/TT-NHNN, as amended by Circular 80/2025/TT-NHNN, is generally 30 working days from the date the loan or guarantee agreement is signed, or from the relevant triggering event. A 60-working-day deadline applies in certain cases, including:

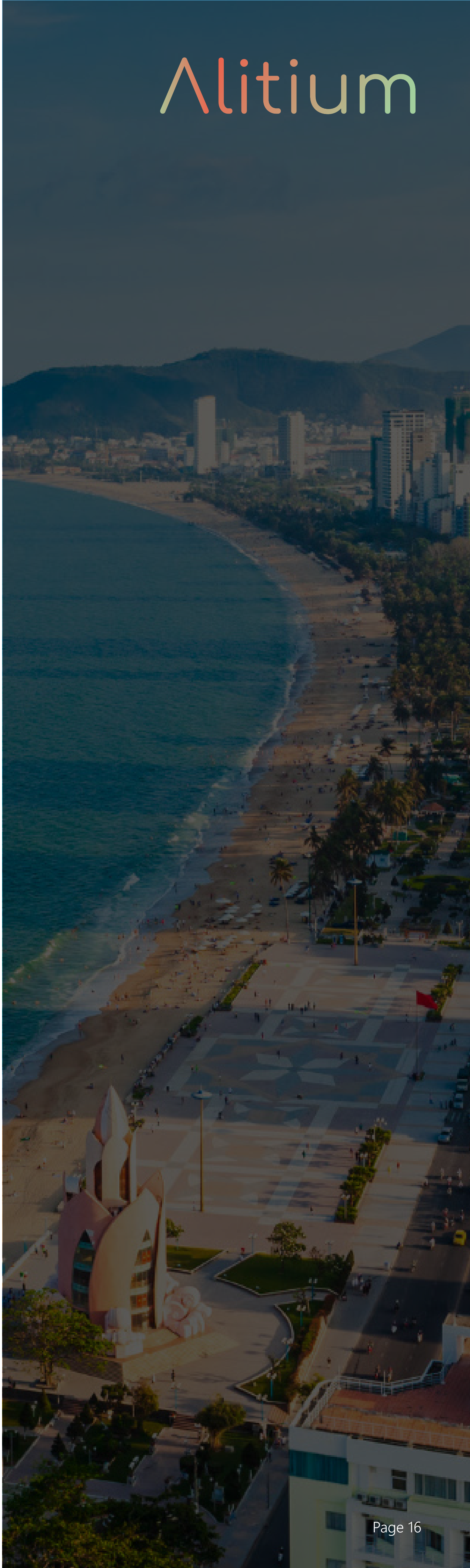
(i) a short-term loan that remains outstanding for one full year and therefore becomes subject to registration;
(ii) the signing date of the loan renewal is after 1-year anniversary.

For example, the short term loan was due on 14 Sept 2026, but the renewal (extension) agreement is signed on 17 Sept, then timeline for registration is 60 working days.

This is a strict deadline: commercial banks will decline to process drawdowns, interest payments or fee remittances on an unregistered medium or long-term loan, which means the SBV's written confirmation of registration is, in practice, a precondition to the first drawdown rather than a formality that can be completed afterward.

Once a complete dossier is lodged, the SBV is now required to confirm or refuse registration within 10 working days, an improvement on the 12 to 15 working day standard that applied before Circular 80/2025/TT-NHNN took effect, though investors should still build in buffer time for incomplete dossiers or requests for clarification, which restart the clock. Registration is not a passive filing, the SBV reviews the borrowing purpose, the interest rate and fee structure, and the borrower's overall foreign debt position before certifying the registration, and any change to the loan's key terms after registration, such as the drawdown schedule, interest rate or repayment plan, generally requires a further registration of change through the same process.

“Getting Money Into Vietnam: DICA, Capital Routing and Pre-Investment Spend”



Getting Money Into Vietnam: DICA, Capital Routing and Pre-Investment Spend

A properly licensed structure only becomes real capital once money moves, and Vietnam's foreign exchange control rules are precise about the channel that movement must take.

Under Circular 38/2026/TT-NHNN on foreign exchange management for foreign investment in Vietnam, effective from 18 August 2026 and replacing Circular 06/2019/TT-NHNN, a foreign-invested enterprise, defined broadly to include any enterprise with more than 50 percent foreign ownership or one that holds an investment registration certificate, must open an investment capital account, with a single licensed bank for each currency it will use.

> **Terminology note:** Under the current regulations, they no longer uses the former term "direct investment capital account (DICA)"; instead, the account is referred to more generally as an investment capital account (ICA). "DICA" remains a commonly used term in practice to refer to the same account.

Every cash contribution to charter capital, every payment for a capital or share transfer between a local seller and a foreign buyer, and every profit or dividend remittance abroad must be routed through the DICA, and it is the DICA record, not the IRC or ERC, that a bank and the SBV will look to as the primary evidence that a capital contribution actually happened.

Under the Enterprise Law, capital contributions generally need to flow through the DICA within 90 days of ERC issuance, and a late or incomplete contribution can trigger a mandatory reduction in registered charter capital or, in more serious cases, put the ERC itself at risk.

Pre-investment expenditure, costs a foreign investor incurs in Vietnam before the enterprise is formally established or before its DICA is opened, is a recurring practical problem. Circular 06/2019/TT-NHNN (old Circular) requires the investor to retain full evidence of funds transferred into Vietnam for this purpose and of how they were spent, and that evidence needs to demonstrate compliance with Vietnamese foreign exchange, investment and accounting rules before those amounts can later be recognised as part of the investor's capital contribution. Where pre-investment funds were transferred through an ordinary payment account rather than a DICA, because no DICA yet existed, the mechanics for retrospectively recording that amount as capital are not fully spelled out in the regulations and are handled case by case by the receiving bank.

The practical lesson is to keep pre-investment spending to a minimum, document every transfer and invoice contemporaneously, and engage the bank early on how the eventual capitalisation of that spend will be evidenced, rather than assuming it will be accepted automatically once the entity and its DICA exist.

A STEP-BY-STEP ROADMAP TO
FOREIGN INVESTMENT CAPITAL FLOW

An interactive compliance map illustrates how transactions route through the DICA and highlights mandatory validation checks:

1

Day 0 - Clock Starts

Establish Enterprise & Obtain ERC

Obtains the Investment Registration Certificate (IRC) and Enterprise Registration Certificate (ERC). Issuance of the ERC triggers the strict 90-day statutory countdown to fully inject registered charter capital.

2

Day 1 - Day 15

Open Direct Investment Capital Account (DICA)

The foreign-invested enterprise (FIE) selects one licensed bank in Vietnam and opens a DICA for each operational currency (e.g., USD, EUR, VND). All direct investment activities must pass through this single bank account structure.

3

Day 1 - Day 90 (Strict Deadline)

Route Capital Injection

Foreign investors wire capital contributions directly into the DICA.

- **Validation:** The licensed bank checks transfer instructions to verify the sender match and amount against the IRC/ERC.
- **DICA Record:** The capital contribution is recorded in the investment capital account. The company may request a bank confirmation or account statement as evidence of the capital contribution.

4

Post-Setup / Ongoing

Execute Operational & Secondary Transactions

The DICA handles all mandatory direct investment flows:

- **Share Transfers:** Payments for equity transfers between foreign buyers and local sellers.
- **Profit Repatriation:** Outbound remittance of dividends/profits to foreign investors (subject to tax clearing).
- **Medium/Long-Term Loans:** Routing foreign direct investment loans.

5

Day 90+ Audit

Compliance Verification & Capital Adjustment

- **Full Compliance:** DICA bank statements confirm 100% funding; enterprise continues normal operations.
- **Non-Compliance (Shortfall):** Under the Enterprise Law, failure to contribute 100% within 90 days requires filing for a mandatory charter capital reduction within 30 days, exposing the ERC to administrative penalties or revocation.

“Where Loan Money Lands: Foreign Loan Accounts, Documentation and Payments”

Where Loan Money Lands: Foreign Loan Accounts, Documentation and Payments

Loan capital has its own account discipline, distinct from the DICA framework governing equity contributions. For a foreign-invested enterprise, the DICA already opened for capital contributions generally also serves as the account through which medium and long-term foreign loan drawdowns, interest payments and principal repayments should be conducted. A domestic enterprise without a DICA, or a borrower using a currency for which no DICA has been opened, is to instead open a dedicated foreign loan borrowing and repayment account at a licensed bank for that purpose. Either way, the principle is the same:

- A registered foreign loan has a designated account, and
- Disbursement, servicing and
- Repayment are expected to flow through it.

Where a drawdown or repayment genuinely needs to occur outside that account, for example a repayment made by offsetting receivables, by delivering goods or services to the lender in lieu of cash, or through an account the lender itself is permitted to hold overseas, the borrower is required to notify its bank and provide supporting documentation for that specific transaction rather than simply making the payment through whatever account is convenient.

Banks in Vietnam do not process cross-border remittances on the strength of an amount and a counterparty alone. Each transfer needs to be accompanied by documentation, typically the loan or capital contribution agreement itself or a certified summary of its key terms, and a payment narrative or purpose code on the remittance instruction that correctly identifies what the payment is for, whether that is a capital contribution, a loan drawdown, an interest payment, a principal repayment, or a trade-related payment.

The bank uses this information not just to process the transfer but to classify it for its own foreign exchange reporting and, for DICA transactions, to reconcile the enterprise's capital or loan position against what has been registered with the SBV or recorded on the IRC and ERC.

> ! A payment narrative that is vague, generic, or inconsistent with the underlying agreement is a common cause of a transfer being queried, delayed, or rejected outright, particularly at larger banks with more rigid compliance screening.

“When the Wrong Account Undoes the Right Structure”

When the Wrong Account Undoes the Right Structure

This is where the distinction raised at the outset matters most in practice. An IRC or ERC is a licence, it records the structure the relevant authority has approved, the charter capital committed, the investment capital projected, and, where applicable, the debt component contemplated.

> **An IRC or ERC does not, by itself, prove that a specific sum of money was validly contributed or drawn down**

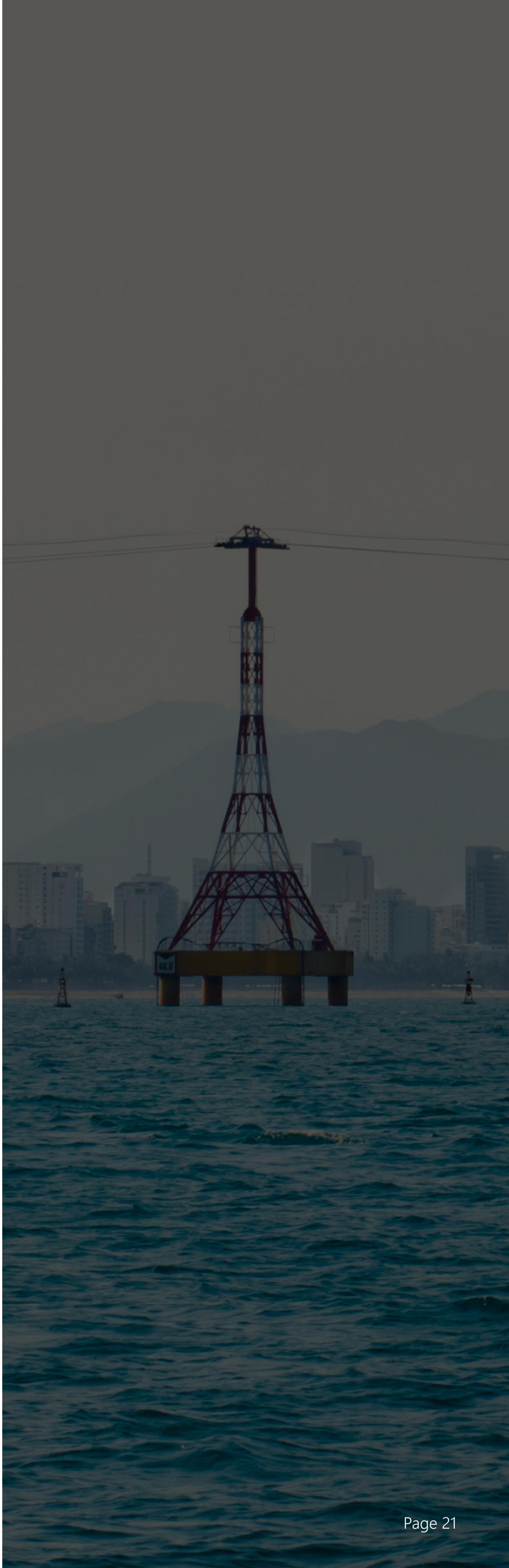
That proof lives in the DICA record, the foreign loan account record, and the SBV's loan registration file, and a remittance that bypasses those channels does not automatically inherit the legitimacy of the licence it was meant to fund.

Sending capital contribution funds through an ordinary operating account instead of the DICA, or drawing down a registered loan through an account other than the one on file with the SBV, exposes the investor to a range of consequences that are more than administrative inconvenience.

Under Decree 340/2025/ND-CP, enterprises face fines that commonly range from roughly VND 30 million at the low end to the hundreds of millions of dong for more serious foreign exchange control breaches, and the bank itself may simply refuse to recognise the transfer as a valid capital contribution or loan drawdown at all, leaving the enterprise in the position of having sent money into the country that is not properly evidenced as either equity or debt.

Correcting this after the fact is materially harder than getting it right the first time, it typically requires the investor to work with the bank and, in more serious cases, the SBV to reclassify or re-route the funds, which can delay the very capitalisation the project needed to proceed and can undermine the credibility of the investor in the eyes of the licensing authority for future amendments.

The message worth repeating to any project team executing on an approved structure is that the licence describes what should happen, it does not make what actually happened compliant. Getting the structure right on paper and getting the remittance right at the bank are two separate disciplines, and both need equal attention.



“Converting Loan Capital into Charter Capital”

Converting Loan Capital into Charter Capital

It is common, and often commercially sound, for a group to fund a Vietnamese project initially through shareholder loans, preserving flexibility while the project is proven up, and later convert some or all of that loan into charter capital once the business case is validated and the group wants to strengthen the balance sheet or reduce the drag of the 30 percent EBITDA interest cap.

Circular 12/2022/TT-NHNN explicitly recognises this route, listing an agreement between lender and borrower to convert outstanding debt into shares or capital contribution as one of the accepted forms of loan repayment, alongside cash repayment, repayment through goods or services, and offsetting against receivables. That recognition is helpful, but the conversion is still a formal restructuring with several moving parts that need to be sequenced correctly, not a bookkeeping entry.

The enterprise registration certificate must be amended to reflect the increased charter capital and the resulting change, if any, in the ownership ratio between shareholders, since a debt-to-equity conversion by one shareholder dilutes the others unless they convert proportionally.

Where the loan being converted was registered with the SBV, that registration needs to be updated to reflect the loan's discharge, and the corresponding capital contribution needs to be evidenced through the DICA in the way any other capital contribution would be, which in a pure conversion, where no fresh cash moves, still needs to be documented to the bank's satisfaction as a capitalisation event rather than left as an unexplained change in the balance sheet.

Timing and valuation matter more than investors expect.

Accrued but unpaid interest on the loan being converted raises a question of whether that interest is itself being capitalised, which has withholding tax and deductibility implications distinct from the principal conversion, and this is a point worth resolving with tax advice before the conversion is executed rather than after.

Where the loan was denominated in foreign currency, the conversion needs to fix an exchange rate for translating the loan balance into the VND-denominated charter capital figure, and any foreign exchange gain or loss crystallised on conversion has its own tax treatment. Handled properly, converting loan capital to charter capital is one of the more effective tools available for bringing a project's capital structure back into a defensible position relative to both the interest deduction cap and the informal capital adequacy expectations discussed above, without the investor needing to bring in a fresh injection of cash.

“Multiple Investment Registration Certificates Under a Single Company”

Alitium

Multiple Investment Registration Certificates Under a Single Company

> **A structuring question we are asked with increasing frequency, particularly by clients running multi-phase developments or operating across several sites such as separate plots within an industrial park, is whether each new project requires its own legal**

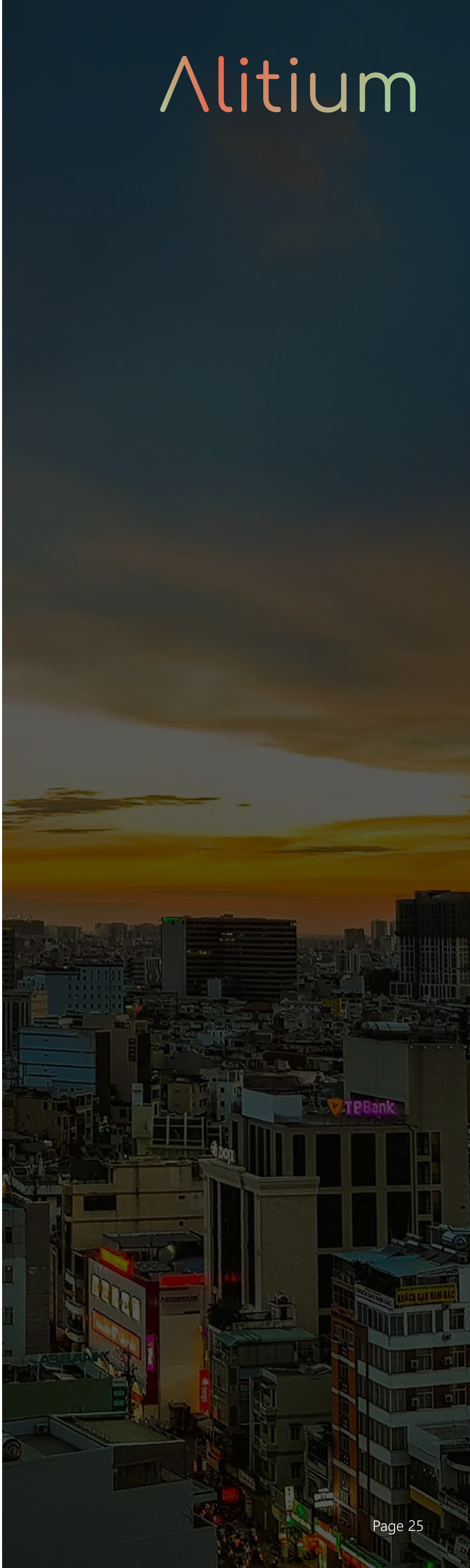
It does not.

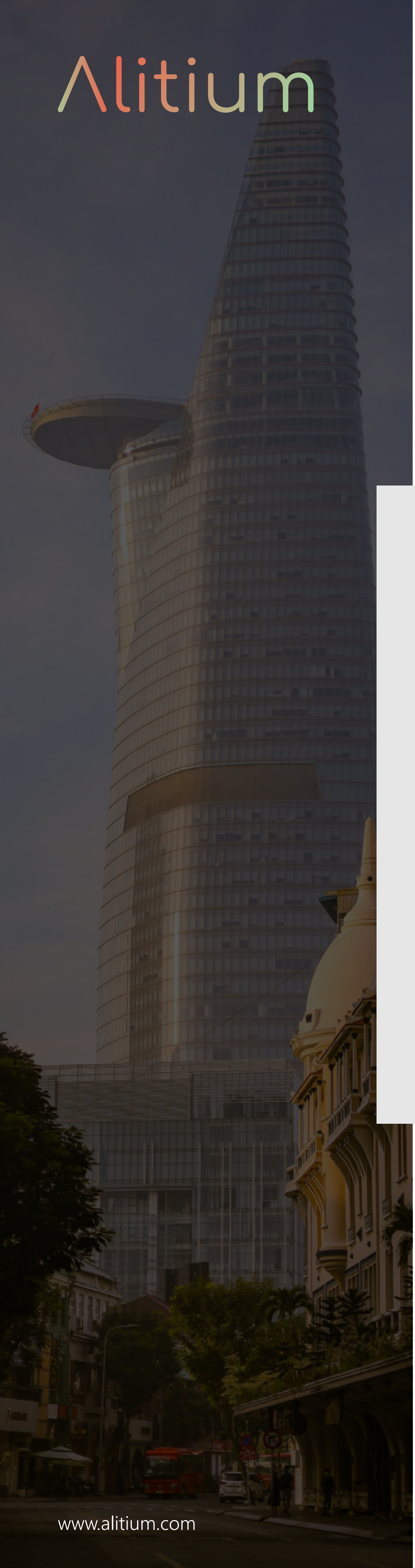
The Investment Law permits a single enterprise, holding a single enterprise registration certificate and a single charter capital base, to hold multiple investment registration certificates, one for each distinct investment project. This is a genuinely useful structuring tool, because it avoids the administrative and capital duplication that comes with standing up a new entity for every phase or every site, each of which would otherwise need its own minimum charter capital, its own governance, and its own set of statutory filings.

The trade-off is that operating multiple IRCs under one company does not relieve the investor of managing capital separately for each project, it relocates that discipline from the corporate level to the project level. Each IRC still needs to demonstrate, on its own terms, that adequate investment capital, whether equity or loan-funded, has been committed to that specific project, and the licensing authority will assess each IRC's capital adequacy independently even though all of them sit under the same charter capital base and, in practice, the same DICA, subject to specific rules requiring separate investment capital accounts for certain BCCs, PPP projects and oil and gas activities.

Groups running this structure well maintain project-level accounting that can trace which portion of the company's charter capital and which loan facilities are allocated to which IRC, both because the authorities will ask for this at renewal or amendment, and because without that discipline it becomes genuinely difficult to know whether any single project is over- or under-capitalised relative to what it was licensed on.

The structure rewards investors who are willing to run tighter internal capital allocation in exchange for a materially simpler corporate footprint, and for groups planning staged or multi-site expansion in Vietnam, it is usually the right default rather than the exception.





The Commercial Takeaway

None of the individual rules discussed above are unusual by regional standards. What makes Vietnam's capital framework demanding in practice is that charter capital, investment capital and loan capital are assessed by different authorities, for different purposes, on different timelines, and a structure that satisfies one test can easily fail another if it has not been designed as a whole, and a structure that is entirely correct on paper can still fail if the money behind it does not move through the right account with the right documentation.

The investors who avoid friction are the ones who treat capital structuring and capital execution as a single, coordinated exercise from the outset, sized to the real scale of the project rather than to statutory minimums, documented with the evidence licensing authorities and the SBV will expect to see, routed through the correct DICA or foreign loan account with the correct paperwork behind every remittance, and built with enough flexibility, through mechanisms such as loan-to-equity conversion and multi-IRC structures, to adapt as the project scales without requiring a fresh entity or a fresh negotiation with the regulator every time circumstances change.

Alitium

Contact

We hope this guide serves as a practical resource for foreign investors and businesses considering investment and expansion in Vietnam. Establishing an appropriate capital structure requires careful planning, from determining the right investment and ownership structure to understanding capital contribution requirements, funding arrangements, foreign exchange controls, and applicable registration and reporting obligations. A well-structured approach can help investors optimise their investment structure, manage regulatory and compliance risks, and support the efficient implementation of their business plans in Vietnam.

With extensive experience advising foreign investors in Vietnam, Alitium supports businesses with investment structuring, capital contribution and funding arrangements, foreign exchange matters, and ongoing legal, tax and compliance requirements. Contact our team to explore how we can support your investment and expansion into Vietnam.

Our Offices

Vietnam

Ho Chi Minh
Level 5, L'Mak Signature Building
147 - 147bis Hai Ba Trung, Xuan Hoa Ward
(District 3), Ho Chi Minh City

Hanoi
51 Phan Boi Chau, Cua Nam Ward, Hanoi

Singapore

81 Ubi Avenue 4 #09-18 UB. One Singapore 408830

Malaysia

Petaling Jaya
Suite 11.01, Level 11, South Wing Menara Obyu 4, Jalan PJU 8/8A,
Damansara Perdana, 47820 Petaling Jaya Selangor, Malaysia

Contact Us

Vietnam

Tel: +84 (0)28 3535 6460
Email: Vietnam@Alitium.com

Singapore

Email: Singapore@Alitium.com

Malaysia

Email: Malaysia@Alitium.com

Our Publications & Articles

Scan the QR code to explore more publications and articles or visit: www.alitium.com/publications-articles/

Alitium Leadership

Vo Thi Thanh Phuong
Managing Partner
phuong.vo@alitium.com

Phuong is a Vietnamese-qualified lawyer, who spent 12 years leading the licensing and legal services division at an international market entry specialist, before founding Alitium.

Phuong has extensive experience supporting international organisations, including representing numerous foreign governments, listed companies from dozens of markets, and multi-national organisations from across the globe.

She has broad exposure to all facets of market entry, governance and compliance for foreign companies, and understands the needs to develop compliant yet commercially practical solutions for client needs.

Nguyen Thi Vu Phung
Accounting & Tax Partner
phung.nguyen@alitium.com

With over 20 years of experience in accounting, tax, and business advisory, Ms. Phung has supported numerous businesses in effectively addressing complex issues. Holding CPA and CA certifications, along with dual Bachelor's degrees in Accounting & Auditing and Enterprise Law, she seamlessly combines financial expertise with legal insight in her advisory solutions.

Her approach focuses on listening carefully to and understanding each client's unique needs, from which she develops tailored solutions that ensure legal compliance and optimise efficiency.

Matthew Lourey
Chairman
mlourey@alitium.com

Matthew has more than 30 years professional services experience, with 20 of this in Vietnam. He previously established and led a services firm in Vietnam supporting foreign investors that grew to 150 staff, and which was rolled into a regional group.

Matthew is an Australian Chartered Accountant, and is renowned for his understanding and application of Vietnamese structures, compliance and strategies for foreign investors. His practical advice and experience in market brings value to any client wishing to operate in Vietnam.

Alitium

Level 5, L'Mak Signature Building
147 - 147bis Hai Ba Trung,
Xuan Hoa Ward (District 3)
Ho Chi Minh City, Vietnam

+84 (0)28 3535 6460

Vietnam@alitium.com

This publication is intended as a general overview and is not intended to be comprehensive or to be relied upon as legal, tax or other professional advice. The facts, figures and regulatory positions stated are current as at the date of publication noted on the cover and have been compiled on a best-efforts basis from sources believed to be reliable as at that date.

Alitium accepts no responsibility to any party acting, or refraining from acting, in reliance on the contents. Do note that laws, rates and administrative practices change. Please obtain specific professional advice in relation to your circumstances before making structural or investment decisions.

Visit our website here:

linkedin.com/company/alitium

Vietnam@alitium.com

youtube.com/@AlitiumGroup

facebook.com/AlitiumGroup

Alitium
www.alitium.com

Vietnam | Singapore | Malaysia