Vietnam Investment Guide: A Structuring & Funding Handbook for Foreign Investors

Structuring for transactions: Supporting the funding and repatriation of capital

Alitium

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Introducing Alitium

Alitium is a comprehensive service provider offering consulting and business support solutions for foreign investors in Vietnam. We serve as a trusted partner, accompanying our clients throughout their investment journey and business development in key markets across the region, including Vietnam and, more recently, Singapore - a strategic financial and commercial hub in Asia.

We understand that in order to operate effectively and achieve sustainable growth, businesses need a solid legal and operational foundation. That is why Alitium delivers professional, flexible, and tailored solutions to meet the unique needs of each business model, helping our clients not only remain compliant with local regulations but also optimize their operations and build a strong reputation in competitive, fast-growing markets.

More than just a service provider, Alitium is a strategic partner committed to supporting the long-term growth of your business - in Vietnam and beyond.

Publication Overview

The "Guide to Structuring and Funding Foreign Investments in Vietnam" offers a comprehensive and practical overview for foreign investors seeking to bring capital into Vietnam legally, efficiently, and in alignment with a long-term strategy. As Vietnam continues to solidify as an attractive investment destination, understanding how to structure capital and comply with legal requirements is essential for ensuring sustainable and successful investments.

This guide provides detailed insights into legally recognized forms of investment in Vietnam, funding options (including capital contributions and loan structures), and compliant profit repatriation procedures. It outlines key governing laws, the process for registering foreign loans with the State Bank of Vietnam, tax obligations related to interest expenses and capital gains, as well as important considerations regarding transfer pricing in related-party transactions.

In addition, the guide highlights best practices for managing timelines, maintaining clear documentation, and choosing the right bank partner - helping investors navigate Vietnam's regulatory framework with confidence. Backed by both legal guidance and commercial experience from working with FDI companies, this is an essential resource for any foreign investor planning or operating in Vietnam.

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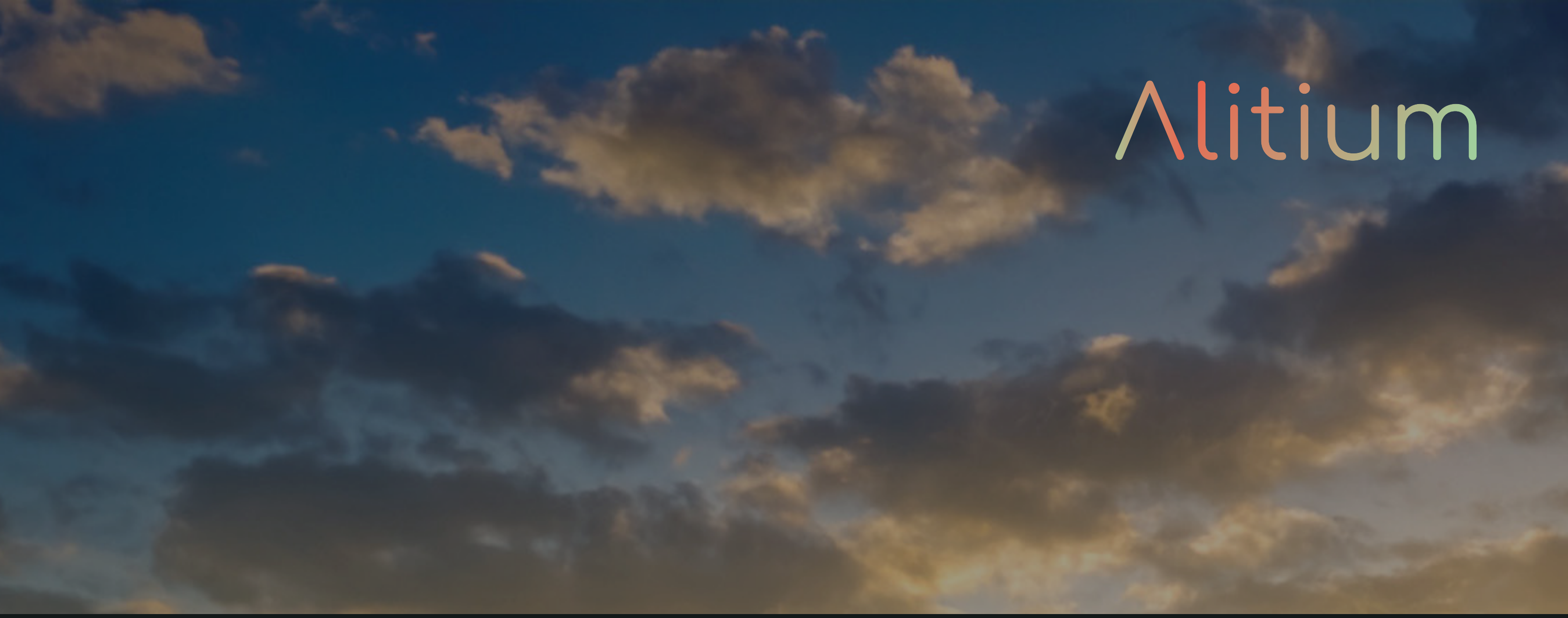


Preface

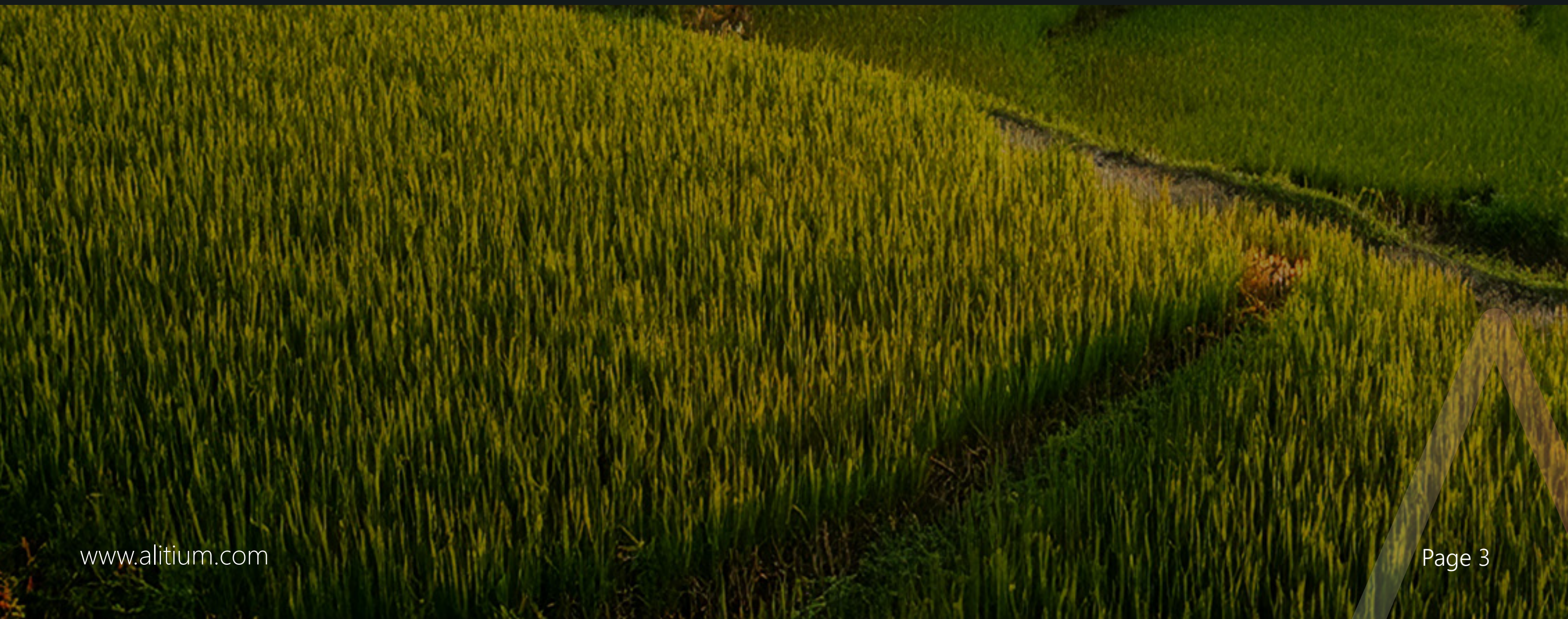
Vietnam continues with its position as a preferred destination for foreign investors, driven by its steady economic growth, competitive workforce, and a legal environment that is constantly evolving. That said, entering a new market always involves navigating unfamiliar rules. For many, the country presents significant potential - but also a regulatory landscape that can be complex to navigate, particularly when it comes to funding and structuring investments.

This publication aims to provide practical insights for foreign investors seeking to bring capital into Vietnam. It walks readers through the key steps involved in financing an investment legally and efficiently, helping investors understand the regulatory framework, anticipate tax considerations, and plan for a smooth and compliant repatriation of profits.

These practical insights drawn from both legal requirements and commercial experience working with FDI companies.

Disclaimer

This publication is intended for general informational purposes only and does not constitute legal, tax, or investment advice. While every effort has been made to ensure the accuracy of the information at the time of writing, laws and regulations in Vietnam are subject to change, and interpretations may vary depending on specific circumstances. Readers are strongly advised to consult with qualified legal, tax, or investment professionals before making any decisions or taking any actions based on the content of this guide. The authors and publishers accept no liability for any loss or damage arising from reliance on the information contained herein.



Overview of Vietnam's Legal Framework for Foreign Investment

Key Laws Governing Foreign Investment

Vietnam endeavours to provide a clear and supportive legal environment to welcome foreign investors, making it an appealing destination for businesses looking to tap into Southeast Asia's growth. The key laws recently updated as of 30 June, 2025, are straightforward and designed to protect foreign investment while simplifying the process.

- **Law on Investment 2020:** The foundation for all investment activities in Vietnam. It defines investor rights and obligations, sets out which business sectors are open or restricted to foreign investment, and outlines incentive schemes for qualifying projects.

- **Law on Enterprises 2020 (updated in 2025):** Governs how businesses are established, structured, governed, and operated in Vietnam, including company structures and protections for shareholders.

The 2025 changes align with global business standards that require ultimate better beneficial ownership to be registered with the licensing authorities.

- **Implementing Decrees and Circulars:** To enact the Investment and Enterprise Laws, the Vietnamese Government and relevant ministries, especially the Ministry of Finance (formerly the Ministry of Planning and Investment), issue detailed guiding regulations in the form of decrees and circulars. Examples include:

  - Decree 01/2021/ND-CP on business registration procedures. This Decree was replaced by Decree 168/2025/ND-CP, effective from 1 July 2025.
  - Decree 31/2021/ND-CP guiding the implementation of the Investment Law;
  - Circular 01/2021/TT-BKHDT (amended by Circular 02/2023/ TT-BKHDT) detailing guidance on enterprise registration. These were replaced by Circular 68/2025/TT-BTC, effective from 1 July 2025.
  - Circular No. 03/2021/TT-BKHDT prescribing templates for documents and reports related to investment activities in vietnam, outward investment activities and investment promotion activities.

These documents together form the legal foundation for entry, operation, expansion, and exit of foreign investors in Vietnam.

Legally Recognized Forms of Foreign Investment

Foreign investors can participate in and operate Vietnam through several forms of investment recognized under Vietnamese law, such as:

- Establishing a new economic organization (e.g., a limited liability company or joint stock company)
- Contributing capital to or purchasing shares/equity in existing Vietnamese enterprises
- Investing in business cooperation contracts (BCCs)

Each investment form has its own registration requirements, and operational considerations. Choosing the right structure depends on the investor's industry, capital needs, control preference, and long-term strategy.

Market Access and Conditional Sectors

Vietnam maintains a "negative list" approach: sectors not listed as restricted or conditional are generally open to foreign investment without limitation. However, for certain sectors, foreign investors may be subject to:

- Foreign ownership caps (e.g., logistics, advertising).
- Licensing or regulatory approvals (e.g., banking, education)
- Joint venture requirements with Vietnamese partners (logistic, advertising, tourism)

It is critical for investors to review market access conditions early during the planning phase, especially for projects involving specialized or regulated sectors.

Forms of Investment Capital and Funding Options

Smart Capital Planning in Vietnam

Bringing capital into Vietnam is not only a matter of legal compliance, it involves a strategy that shapes your operational flexibility, tax efficiency, and exit options down the road. While Vietnam offers multiple channels to fund an investment (e.g., equity, shareholder loans and third-party loans), how and when you deploy each method matters.

There are several ways foreign investors can fund business activities in Vietnam, depending on the nature and scale of the investment. Each method comes with its own set of requirements and considerations, but all are well-supported under Vietnamese law. Below are some practical insights:

1. Charter Capital Contribution: Using Capital to Build Long-Term Capacity

Charter capital is more than just a regulatory obligation, it also reflects includes long-term commitments. A well-calibrated capital base enhances business reputation with regulators, banks, and business partners. While it is common to keep charter capital modest for flexibility, setting it too low may limit room for future expansion or complicate loan structuring. This is worth considering early in capital planning.

2. Loan Options: Structured Shareholder Loans for Strategic Flexibility

Loans from parent companies or related entities can provide fast, tax-deductible funding with fewer regulatory approvals than equity changes. However, loan registration, interest rates, and repayment timing must be carefully planned to avoid compliance issues or transfer pricing scrutiny. Align loan terms with operational milestones (e.g., expansion, procurement, or working capital needs) to stay agile.

3. Align Capital Planning With Exit Scenarios

If a long-term strategy includes eventual exit or profit repatriation, make sure capital structure are clean and well-documented. Vague loan agreements, delayed capital contributions, or unregistered funds can create friction in M&A or tax clearance processes. Capital brought in today should be able to leave the country tomorrow - without surprises.

Charter Capital Contribution

Capital contributions refer to the act of contributing assets to form the charter capital of a company. This includes contributing capital to establish a new company or to increase the charter capital of an existing one. The term "Charter capital" refers to the total value of assets contributed or committed to be contributed by the members of a limited liability company or partnership upon its establishment. Current regulations do not impose a minimum capital contribution requirement in general for most business sectors in Vietnam. The amount of capital contributed is generally flexible and depends on the needs and scale of the business. However, some specific sectors that do require 'legal capital', or a minimum amount of "legal capital" as set by law, such as education, transportation, labour services, finance, etc.

Under the Law on Enterprises 2020, newly established companies must fully contribute charter capital as committed within 90 days from the issuance of the Enterprise Registration Certificate. Failing to do so without adjusting the registered capital constitutes a prohibited act and may result in administrative penalties. For investments through the acquisition of shares in an existing company or by contributing additional capital during a company's operation, the capital contribution will often be carried out after the approval for foreign investors to acquire their share or further capital injection is obtained unless exempted.

Charter Capital Contribution

Cash Contribution

This is the most commonly asset used for capital contributions. Cash contributions by foreign investors by way of direct investment (FDI) in Vietnam, (i.e. establishing a new company in Vietnam, or acquiring over 50% of the equity in an existing company in Vietnam, or engaging in Business Cooperation Contract (BCC) must be made via a Direct Investment Capital Account (DICA) in accordance with Circular No. 06/2019/TT-NHNN.

Where an FDI enterprise seeks to change the bank where it has opened its DICA, the enterprise must transfer the entire balance in the previously opened DICA account to the new DICA, then close the previously opened DICA. In contrast, for indirect foreign investment (IFI) by non-resident foreign investors, e.g. foreign ownership from 50% or less the capital contribution/acquisition transaction must be made via an Indirect Investment Capital Account (IICA), which is a Vietnamese Dong account opened at a licensed bank in Vietnam, used for lawful receipts and payments related to IFI transactions in accordance with Circular No. 03/2025/TT-NHNN.

Other Tangible And Intangible Asset Contribution

Besides cash the Law on Enterprise 2020 permits investors to contribute other assets, such as land use rights, ownership of assets attached to land, intellectual property rights, and other assets capable of being valued in Vietnamese Dong. Investors must lawfully own or have the right to use these assets. For registered assets (e.g., intellectual property), statutory ownership transfer procedures must be completed. For non-registered assets (e.g., machinery, or gold), parties must execute documents proving the ownership transfer.

Non-cash contributions must be appropriately appraised and converted into Vietnamese Dong. Valuation can be done either by mutual agreement among founding members/shareholders or through a licensed independent valuation organization. If an appraisal is used, it must be approved by over 50% of founding members/shareholders to be accepted. Accurate valuation ensures legal compliance, prevents disputes, and facilitates registration with authorities.

Loan Options

Loans are a widely used funding method among foreign-invested enterprises in Vietnam. They provide flexibility in capital structuring, especially when equity injection is either impractical or strategically limited. In general, these loans fall into two main categories: loans from related parties (such as shareholders or group companies), and loans from third-party institutions (such as banks or financial institutions). Each type follows specific procedures and regulatory requirements under Vietnamese law.

Foreign short-term & long-term loans (non-guaranteed by Government)

In most cases, foreign-invested companies in Vietnam use non-guaranteed foreign loans, which are considered regular commercial loans and do not involve government guarantees. Typically sourced from offshore affiliates, these loans may include shareholder loans, intra-group loans, or loans from foreign financial institutions, where the borrowing company is fully responsible for repayment.

Loans of up to 12 months are classified in Vietnam as short-term, while those exceeding this threshold are considered medium and long-term (“long-term loans”). Short-term loans can generally be used to restructure existing foreign debts or to pay short-term liabilities (excluding the principal of domestic loans), and require less administrative burden, with minimal documentation and no mandatory registration with the State Bank of Vietnam (“SBV”).

Conversely, long-term loans necessitate a more comprehensive approval process involving detailed documentation and registration with the SBV. Long-term loans can be used solely for the purpose of implementing the borrower’s investment projects, executing business plans or other projects, or restructuring existing foreign debts.

Loan Options

Foreign Loan Agreement

A foreign loan agreement must be in writing (electronic equivalent, compliant with e-transaction laws is accepted). Key provisions of a foreign loan agreement should typically include the following:

Loan amount & currency: Disbursements exceeding the contracted amount can be rejected by the bank. Foreign currency should be used for simplicity.

Interest rate: may be fixed or floating, as mutually agreed by the parties. 0% interest rate may trigger tax implications, relating to transfer pricing.

Term and Purpose: The loan term and intended use should be consistent with the permitted scope under Vietnamese law.

Disbursement and repayment schedule: These are to be clearly stated in the agreement as the basis for the declaration with SBV or commercial bank.

Capital Planning with Exit Scenarios

If an investment horizon includes a future exit or profit distribution, the capital structure should be clear, compliant, and properly documented from day one.

Clean Capital, Smoother Exit

To avoid unpleasant surprises at the end of an investment journey:

- Ensure all capital (whether equity or debt) is properly registered and traceable through appprove bank accounts.
- Contribute charter capital within the legal deadline set out in the IRC and the Law on Enterprise, as extensions are not automatic.
- Register shareholder or intra-group loans with the State Bank of Vietnam (SBV) before disbursement and ensure interest terms are arm's length (applicable to long-term loans)
- Maintain a clear audit trail of all capital movements, loan agreements, board approvals, and bank transfers.

This discipline not only ensures regulatory compliance, it also adds value when potential buyers conduct due diligence or when investors seeking to repatriate profits cleanly.

Treat Capital Like a Strategic Asset

In Vietnam, capital is legally and procedurally regulated. Every dollar entering or exiting the country is subject to:

- Foreign exchange control laws
- Investment licensing and reporting
- Banking channel requirements (e.g., DICA accounts)
- Loan registration and interest cap rules
- Tax clearance procedures before profit repatriation or exit

This means that invested capital is not just a source of funding - it is a regulated asset that must comply with multiple layers of legal and administrative oversight. If poorly planned or undocumented, capital can become locked, delayed, or even deemed non-compliant, leading to regulatory penalties, blocked profit repatriation, or tax exposures.

The Exit Strategy Begins at Entry

Ultimately, the ability to exit the market smoothly, whether through partial divestment, full sale, or profit distribution, is directly tied to how disciplined and transparent an investments capital structure is from day one.

Statutory Process for Long-term Foreign Loan Registration

Authority

As detailed earlier, it is mandatory to register foreign long-term loans with the State Bank of Vietnam ("SBV") before disbursement. The registration is conducted by submitting the application dossier directly to the SBV, specifically:

- To the Foreign Exchange Management Department of the SBV for loans exceeding USD 10 million (or equivalent to other foreign currencies); or

- To the provincial branch of the SBV where the borrower is headquartered, for loans up to USD 10 million (or equivalent).

Application Dossier

The dossier submitted for medium or long-term foreign loans registration is to include the following key documents:

- Loan Registration Application Form as provided by the SBV
- Legal documents of the borrower: IRC, ERC or other equivalent documentation.
- Loan agreement
- Supporting documents showing the purpose of the loan, such as IRC, confirmation from the bank regarding the status of loan disbursement and debt repayment, etc

Timeline

The deadline for submitting the registration dossier is determined as follows:

30 working days

From date of signing a long-term foreign loan agreement

60 working days

From the 1st year anniversary of the first date of drawdown for a loan will an extension agreement which is signed after 1 year from the date of first drawdown or loan having no extension agreement

30 working days

From date of signing extension agreement which is signed within 1 year form the date of first drawdown

The SBV is to issue an approval or a rejection of the application within 12 to 45 working days upon receipt of sufficient application.

Of note, changes to the contents of a foreign loan, as specified in the approval, registered with the SBV by the borrower (direct submission or online submission, depending on the complexity of the changes).

Ongoing monthly reporting for foreign loans with the SBV is required.

Taxation Implications on Funding Activities

Capital contributions into charter capital are not subject to tax

Understanding the tax impact of funding mechanisms is essential to avoid compliance pitfalls. The key aspect is that capital contributions are not subject to tax. Whether the funds come from foreign or domestic investors, the transfer of capital into the company's registered capital is treated as a corporate financing activity, not a taxable transaction.

Capital Gain Tax and Taxes On Dividends

When it comes to equity transfers, taxation obligations arise on the seller's capital gains. Foreign corporate investors transferring equity in a Vietnamese company are generally subject to 20% Corporate Income Tax (CIT) on the net gain. Where the transferor is non-resident individual a 0.1% tax on the gross transfer value is applied. Note that recent changes to income tax laws, taking effect from 1 October 2025, will likely be imposed impose tax non-resident a coporate transfers on a % of sales proceeds instead of 20% of profits - based on current draft Decree, which are subject to change.

For dividends distributed to individual investors, Vietnam imposes a PIT rate at 5% while corporate investors are not subject to withholding tax. However, profit repatriation must follow proper procedures, including compliance with tax finalization and payment of all outstanding obligations. In addition to the above, transfer pricing rules apply where funding or service transactions involve related parties. This includes both interest rates on intra-group loans and management or service fees charged across borders. Proper documentation and benchmarking are essential to defend such transactions during audits.

Tax paid on Interest Expenses

Interest paid on foreign loans is generally subject to a 5% withholding tax. This tax is imposed on the lender's income and must be withheld by the borrowing company at the time of payment. It is important for companies using shareholder or intra-group loans to check treaty eligibility and ensure documentation is in place.

Loans between related parties (e.g., parent and subsidiary) must comply with Decree 132/2020/ND-CP and follow the arm's length principle. As such, unreasonably low interest rates (e.g., 0%) may be face tax liability imposition by tax authorities under the Law on Tax Administration 2019. Under Decree 132/2020/ND-CP, interest expenses for related-party transactions are deductible for CIT purposes if the net interest expense (interest expense minus interest income) does not exceed 30% of the total of net business profit, net interest expense, and depreciation for the period.

For detailed guidance on transfer pricing in Vietnam as of 2025, please refer to:
https://www.alitium.com/transfer-pricing-in-vietnam-2025-guide-for-foreign-investors/

Practical Tips for a Smooth Investment Journey

Successfully funding an investment in Vietnam requires more than just capital - it demands preparation, regulatory awareness, and practical execution. The following best practices are recommended:

Engage with a professional advisor early in the planning stage

One of the most valuable moves an investor can make is to treat compliance not as a box-ticking exercise, but as part of a long-term strategy. Funding, licensing, tax, and banking are deeply interconnected in Vietnam, and a delay in one can ripple through the others. Working with a qualified local advisor early, before decisions are locked in, can save months of backtracking later.

Track deadlines carefully

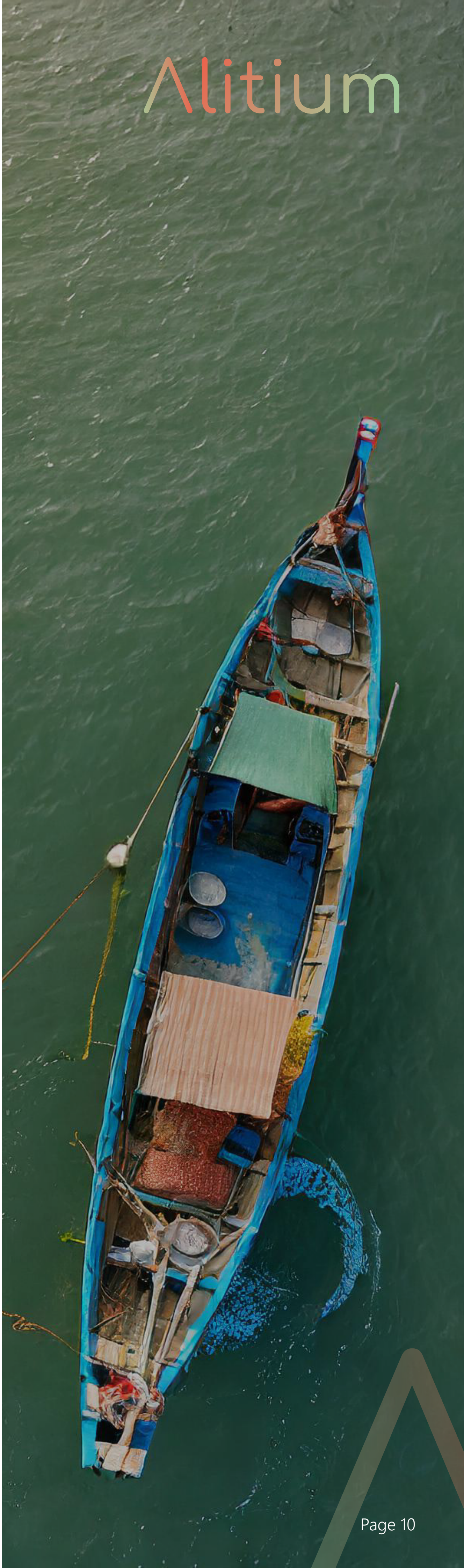
Timing is also critical. Regulatory windows, such as the capital contribution deadlines stated by law and in the IRC or the registration period for foreign loans, are not always flexible. Missing them may not shut down a business, but it can complicate future actions.

Maintain clear, auditable records

Equally important is documentation. Vietnamese authorities place high emphasis on traceability. Every funding inflow, every loan contract, and every resolution must be properly signed, logged and stored. While this may feel bureaucratic, it builds a defensible foundation for an enterprise, especially when future audits or investor exits come into play.

Choosing the right bank can also make a significant difference

Some commercial banks in Vietnam are highly experienced with FDI and can guide investors through capital accounts, FX reporting, and loan tracking. Others may lack familiarity, slowing down operations at key moments.



About Alitium

Alitium Professional Services is an experienced consultancy & advisory firm specialising in assisting foreign investors in navigating the complexities of the Vietnamese market. With a comprehensive suite of services, Alitium provides expert guidance on legal and licensing issues, corporate consulting, accounting, human resources, compliance, and taxation support. The firm prides itself on a unique blend of traditional values and innovative methodologies, ensuring precise and reliable solutions tailored to each client's needs. Alitium's team of seasoned professionals is committed to delivering excellence, leveraging deep local knowledge and global perspectives to help clients achieve success.

Alitium's core mission is to facilitate seamless market entry and sustainable business operations for foreign investors in Vietnam. The firm's legal and licensing services cover company incorporation, transactions, corporate agreements, and structuring, ensuring that businesses are set up correctly from the start. In addition, Alitium offers comprehensive corporate consulting and advisory services, including market entry strategy, due diligence, project planning, valuations, and corporate risk reviews. These services are designed to provide investors with a thorough understanding of the Vietnamese market landscape and to help them make informed decisions.

Accounting, HR, and compliance are critical areas where Alitium excels, offering ongoing support to ensure that clients meet all regulatory requirements. This includes data entry, financial reporting, risk management, and payroll services, all aimed at maintaining compliance and minimizing risks. Alitium's taxation support and advisory services are particularly noteworthy, providing technical and administrative assistance to manage tax risks and optimize tax liabilities. This long-term, strategic approach to taxation helps clients navigate the complexities of Vietnamese tax laws and ensures that they remain compliant while maximizing their financial outcomes.

One of Alitium's distinguishing features is its experience and commitment to understanding and addressing the specific needs of foreign investors. The firm recognizes that Vietnam's regulatory environment can be challenging for new market entrants, and it strives to provide clear, actionable advice that balances commercial objectives with legal compliance. This client-centric approach is underpinned by a deep appreciation of the cultural and economic context in which businesses operate in Vietnam.

Alitium places a strong emphasis on governance and compliance, understanding that these are critical components of successful business operations in Vietnam. The firm helps clients from around the globe to establish robust governance frameworks that protect against risks and ensure adherence to local laws and regulations. This commitment to high standards of governance not only supports legal compliance but also builds trust and credibility in the Vietnamese market.

Our Key People

Phuong Vo
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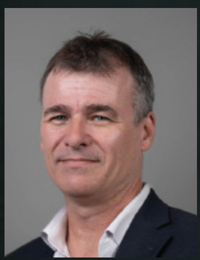
Phuong is a registered lawyer in Vietnam, with more than 10 years professional experience advising foreign investors with their market entry and ongoing commercial and structural requirements in Vietnam. Prior to founding Alitium, Phuong directly lead a team of 20 lawyers focussing on supporting foreign-listed and multi-national investors.

Phuong's main practice areas have focussed on licensing, company establishment and structuring – particularly in difficult market access sectors in Vietnam for foreign investors.



Matthew Lourey
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Matthew is an Australian Chartered Accountant, with 20 years professional experience advising corporate investors in Vietnam.

Matthew was the founder of a significant professional services firm in Vietnam, and is known for his extensive knowledge and experience advising foreign investors to navigate and remain compliant with Vietnam's complex regulatory environment.

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Phung is an expert in accounting and tax, with 20 years of experience in accounting, tax, and advisory, Ms. Phung (CPA, CA) provides clear, compliant solutions that integrate financial and legal expertise. She works with businesses of all sizes, offering practical, results-driven advice to support sustainable growth.

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