

# Vietnam Manufacturing Guide: How to enter Vietnam for foreign investors

Assisting foreign investors to understand requirements and obligations for establishing a foreign owned manufacturing operation in Vietnam

Alitium

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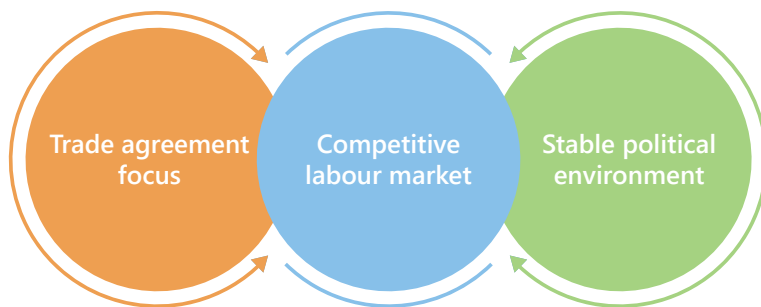
# Alitium Overview

Alitium is a Vietnam-based professional services firm specializing in supporting foreign investors throughout their market entry and ongoing business operations in Vietnam. As a long-term strategic partner rather than a one-off service provider, Alitium offers integrated solutions across legal, corporate consulting, accounting, human resources, taxation, and compliance. With deep local expertise and a practical, solution-oriented approach, the firm understands the regulatory and operational challenges foreign investors face and helps them align commercial objectives with Vietnam’s legal and compliance requirements. Through our offices in Vietnam (Ho Chi Minh City & Hanoi), Singapore and Malaysia, we provide direct support to foreign businesses entering and seeking ongoing assistance in Asia.

We understand that to operate effectively and achieve sustainable growth, businesses need a strong legal and operational foundation. That is why Alitium delivers professional, flexible, and tailored solutions to meet the specific 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 fast-growing, competitive markets.

# Publication Overview

Vietnam’s manufacturing sector has seen remarkable growth over recent decades, with that growth set to continue into the future. The country offers significant advantages, both from an expansion perspective and from a strategy/diversification aspects:



- **Competitive labour market:** Vietnam’s labour costs are among the most competitive in Southeast Asia, and although they are rising, they still represent significant value for money where productivity is maximised.
- **Trade agreement focus:** Vietnam is part of numerous Free Trade Agreements (FTAs), including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the EU-Vietnam Free Trade Agreement (EVFTA), along with various ASEAN and Asian agreements, offering preferential access to key markets.
- **Stable political environment:** The government actively promotes foreign direct investment (FDI) with clear incentives, making this a cornerstone of Vietnam’s success.

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## Vietnam's Long-Term National Vision

The Government of Vietnam outlined its national priorities at the end of 2024, with science, technology, innovation, and digital transformation positioned as key enablers of Vietnam's future economic growth. For the period 2025-2030, policy directions focus on deeper international integration, attracting higher-quality investment, and expanding cooperation in core technology sectors. In parallel, efforts are aimed at economic restructuring, developing new value chains, and improving the investment environment, particularly in technology and high-tech manufacturing industries.

By 2030, Vietnam's objectives include further developing its industrial base, improving the quality of human resources, expanding digital infrastructure, and gradually building capabilities in areas such as artificial intelligence (AI), semiconductors, big data, 5G/6G, and other emerging technologies. Vietnam also aims to strengthen its position within ASEAN in terms of investment climate, business environment, and digital competitiveness, alongside continued improvements to its legal and regulatory framework.

Looking ahead to 2045, Vietnam's long-term direction is to transition toward a higher-income economy, with a growing contribution from the digital economy and a more developed innovation ecosystem. This includes deeper participation in regional and global high-tech industries.

Overall, these policy directions reflect Vietnam's long-term development ambitions, while also highlighting the need for continued progress in foundational areas such as capital availability, workforce quality, research and development (R&D) capacity, institutional effectiveness, infrastructure, and the broader investment environment. Implementation outcomes will depend on the pace of reforms and the effectiveness of execution.



## Strong FDI Flows Boost Vietnam's High-Tech Shift

Vietnam's manufacturing sector has continued to maintain growth despite ongoing global economic uncertainties. In 2025, the Industrial Production Index (IIP) increased by 9.2% year-on-year (the highest level since 2019) with the manufacturing and processing sector remaining the primary driver, expanding by 10.5% and contributing significantly to overall growth. Related sectors such as electricity production and distribution, water supply, and waste treatment also recorded growth, reflecting gradual improvements in industrial infrastructure.

At the same time, foreign direct investment (FDI) in 2025 reached its highest level in five years, indicating sustained interest from foreign investors in the manufacturing sector. According to the National Statistics Office, disbursed FDI was estimated at USD 27.62 billion, up 9.0% year-on-year. The manufacturing and processing sector continued to dominate, attracting USD 22.9 billion (accounting for approximately 83% of total FDI), followed by real estate with USD 1.95 billion, and electricity, gas, and air conditioning production and distribution with USD 880 million.

In parallel, a gradual shift is taking place from traditional outsourcing activities toward higher value-added sectors such as electronics, semiconductors, and supporting industries, although the pace of development varies across segments. These trends suggest that Vietnam is progressively repositioning itself within regional and global manufacturing value chains, while also reflecting a broader process of industrial upgrading. This creates a range of opportunities for both domestic and international businesses.

# Vietnam's Refreshed Legislation: A Turning Point in Vietnam's Legal Framework for Businesses

2025 marked a year of unprecedented legislative activity, with 89 laws passed by the National Assembly. These changes reshape the business and production landscape, requiring both existing enterprises and new investors to proactively understand the new rules, evaluate compliance, and prepare adaptation plans to reduce risks and maintain stable operations.

Among the newly enacted legislation, three major groups of laws have the most direct and significant impact on businesses:

## 1. Foundational laws governing investment and business operations

These laws provide the core legal framework that businesses rely on throughout their lifecycle - from licensing, planning, and organizational structure to project expansion, operations, and business recovery. Their broad and systemic scope means they apply across all industries.

### Key laws include:

- Investment Law 2025 – No. 143/2025/QH15
- Enterprise Law (amended) 2025 – No. 76/2025/QH15
- Planning Law 2025 – No. 112/2025/QH15
- Urban and Rural Planning Law (amended) 2025 – No. 144/2025/QH15
- Construction Law 2025 – No. 135/2025/QH15
- Bankruptcy and Recovery Law 2025 – No. 142/2025/QH15
- Law on Organization of Local Government 2025 – No. 65/2025/QH15 / 72/2025/QH15 (verification required)
- Law No. 118/2025/QH15 amending 10 laws on security and order
- Law No. 146/2025/QH15 amending 15 laws in agriculture and environment
- Law on International Treaties (amended) 2025 – No. 137/2025/QH15

## 2. Laws directly governing production, technology, and technical standards

This group sets mandatory requirements that shape how businesses produce goods, manage quality, apply technology, and ensure safety. These laws directly affect factories, production lines, and quality management systems, especially in sectors with high technical complexity.

*This Guide serves as a general informational resource designed to provide an overview of key considerations for establishing a manufacturing presence in Vietnam. However, given the evolving nature of regulatory, economic, and legal conditions, this guide should not be used as a substitute for personalized, professional advice tailored to your specific circumstances. We encourage readers to consult qualified professionals to ensure compliance and address any unique challenges or opportunities associated with entering the Vietnamese market.*

### Key laws include:

- Law on Standards and Technical Regulations (amended) 2025 - No. 70/2025/QH15
- Law on Product and Goods Quality (amended) 2025 - No. 78/2025/QH15
- Law on Chemicals 2025 – No. 69/2025/QH15
- Law on High Technology 2025 – No. 133/2025/QH15
- Law on Industrial Technology 2025 – No. 71/2025/QH15
- Law on Technology Transfer (amended) 2025 – No. 115/2025/QH15
- Law on Atomic Energy 2025 – No. 94/2025/QH15
- Law on Science, Technology and Innovation 2025 – No. 93/2025/QH15

## 3. Mandatory compliance laws on taxes, data, security, labor, and intellectual property

These laws influence day to day operations, cost structures, internal processes, and risk management across the organization. Requirements related to taxation, cybersecurity, personal data, AI, IP rights, and labor affect nearly every function - from finance and IT to HR, legal, and production.

### Taxes

- Corporate Income Tax Law 2025 – No. 67/2025/QH15
- Personal Income Tax Law 2025 – No. 109/2025/QH15
- Value Added Tax Law (amended) 2025 – No. 149/2025/QH15
- Special Consumption Tax Law 2025 – No. 66/2025/QH15
- Tax Administration Law 2025 – No. 108/2025/QH15

### Data – Security – Digital Technology

- Personal Data Protection Law 2025 – No. 91/2025/QH15
- Cybersecurity Law 2025 – No. 116/2025/QH15
- Artificial Intelligence Law 2025 – No. 134/2025/QH15
- Digital Transformation Law 2025 – No. 148/2025/QH15

### Intellectual Property & Labor

- Law on Intellectual Property (amended) 2025 – No. 131/2025/QH15
- Law on Employment 2025 – No. 74/2025/QH15

The Vietnamese government has actively supported and encouraged foreign investment, making the country an attractive destination for foreign investment in many sectors, and manufacturing is one of them. With preferential policies such as tax incentives, infrastructure development, and simplified business regulations, as well as the establishment of industrial parks and

# Site Selection

Selecting an optimal site for a manufacturing facility in Vietnam requires strategic consideration of resource access, regulatory compliance, and overall operational efficiency. In principle, manufacturing activities should be located on land officially zoned for industrial production use. For this reason, the most practical and advantageous choice for investors is to develop their manufacturing projects within well planned zones-such as industrial parks, economic zones, or high-tech zones-where:

- These areas are designated by local authorities as land for industrial production (non-agricultural use).
- Their infrastructure is fully developed, providing investors with integrated utilities such as fire safety, environmental protection, drainage, and waste-treatment systems and essential support services.
- Environmental Impact Assessments (EIAs) can be conducted at the area level, helping to centralize environmental management and minimize potential impacts on surrounding communities.

## Strategic Considerations

Choosing the right location is pivotal for manufacturing operations. Your decision should take into account key factors such as proximity to raw materials, labour supply, logistics infrastructure, and market access.

## Incentives for investors in such zones

- Economic zones or high-tech zones, are generally classified as investment incentive areas, where enjoy certain incentives applied in accordance with laws on taxation, land, credit, accounting, and other related regulations.
- Investors in economic zones, and high-tech zones receive support through a one stop administrative mechanism, helping streamline investment, construction, land, environmental, and labor procedures.
- Investment costs for the construction of worker housing, service and utility facilities, and connecting infrastructure within Industrial Zones and Economic Zones may be deductible for corporate income tax purposes, subject to the fulfillment of all applicable statutory and compliance requirements by the relevant enterprises. Also, projects that develop worker housing and public utilities are also eligible for incentives under social housing legislation.

## Proximity to Key Hubs

- **Northern Vietnam:** The region around Hanoi, Bac Ninh, and Hai Phong is highly developed with strong infrastructure. Companies in electronics and high-tech manufacturing have established operations here. It benefits from proximity to China and robust road and port networks.
- **Central Vietnam:** Provinces like Da Nang and Quang Ngai offer relatively lower costs but still provide decent access to major ports. This region is growing as a hub for industries like heavy manufacturing and petrochemicals.
- **Southern Vietnam:** The area around Ho Chi Minh City offers a larger, lower-cost labour pool and strong connectivity via the Cai Mep port. Many manufacturers in textiles, footwear, and consumer goods are located here. Access to the Mekong region also provides an advantage, especially for aquaculture and agriculture.

# Licensing and Regulatory Framework

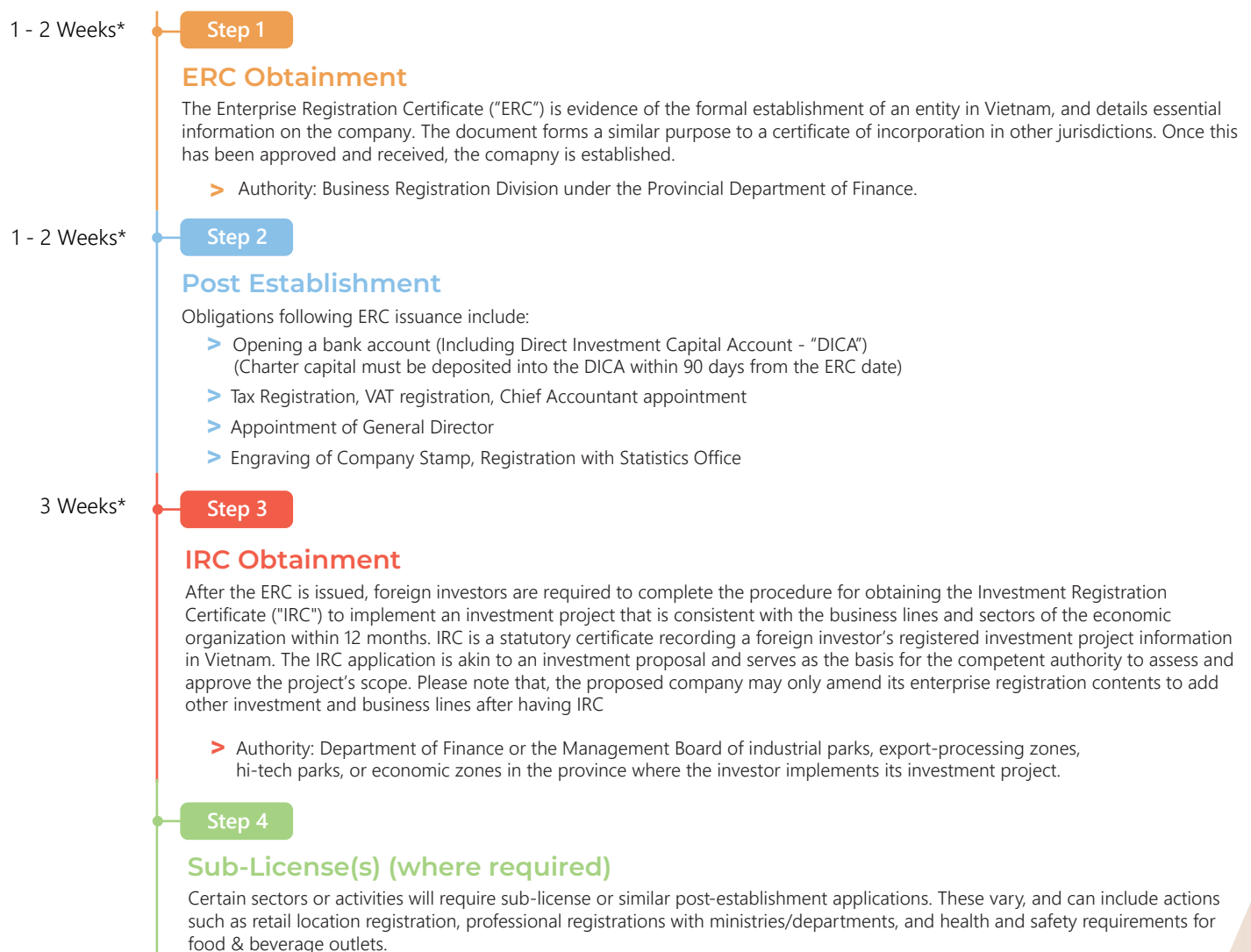
The licensing process in Vietnam can be complex but manageable with proper guidance. It's important to note that Vietnam has specific licenses depending on the type of manufacturing activity and whether the business is foreign invested.

The Vietnamese domestic economy continues to grow and is considered by many as one of the leading growth markets in Southeast Asia and globally. Accordingly, Vietnam has continued to attract foreign investors invest and expand their business and tap into the growing market. Meanwhile, a key change applicable to foreign investors under the Law on Investment 2025 is that from 1 March 2026, foreign investors may establish an economic organization before completing IRC registration procedures; however, they must still comply with all market access conditions applicable to foreign investors during the establishment process.

Depending on the nature of the project and their investment strategy, the foreign investors can select to wait for IPA and IRC are granted to them and then set up the new company to proceed the project, or set up a new FIE first with ERC and then use that FIE to obtain the IPA and IRC.

The general process may include four steps; however, depending on the type of project and the type of enterprise, certain steps may not apply, resulting in variations in the number of required steps:

## Common Manufacturing Company Establishment Process



(\*) Foreign investors typically need to obtain these two core registrations. Under the Law on Investment 2025 (effective 1 March 2026) and Decree No. 96/2026/ND-CP detailing and guiding the implementation of a number of articles of the Law on Investment, foreign investors may establish an economic organization prior to completing the procedures for obtaining the Investment Registration Certificate (IRC), provided that applicable market access conditions are satisfied and in compliance with other relevant laws and regulations

## Investment Policy Approval (IPA) Obtainment

Certain categories of investment projects are required to obtain Investment Policy Approval (IPA) prior to project implementation. This requirement applies to projects that may exert substantial influence on:

- Essential national resources, such as land, forest areas, or coastal and marine zones
- Potential to significantly affect local populations and broader social welfare
- National defense or security considerations
- Operating within highly regulated or high-risk sectors
- Situated in areas subject to conservation or development restrictions
- Projects seeking special mechanisms that go beyond the existing legal framework

For foreign investors, the IRC is typically issued within five working days after the IPA is granted.

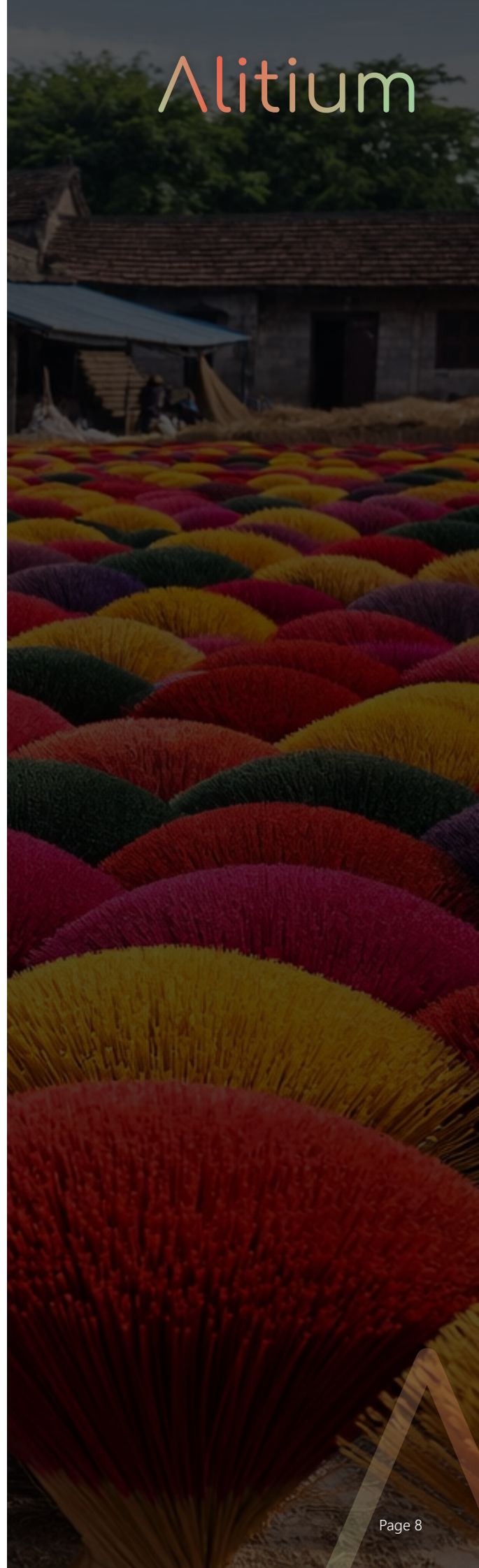
FIE already established in Vietnam enjoy a streamlined process, as they may undertake new investment projects without the need to establish an additional legal entity, unless doing so better suits their strategic objectives. This framework provides greater flexibility and enables efficient project deployment.

For domestic investors, as well as FIEs that are treated as domestic investors under Vietnamese law - who are not required to obtain an IRC - project implementation may commence once the IPA is issued.

The competence to grant IPA depends on the characteristics, scale, and strategic sensitivity of the project. Depending on these factors, the authority responsible for approving the investment policy may be:

- The National Assembly,
- The Prime Minister,
- The Chairperson of the Provincial People's Committee, or
- The Management Boards of industrial zones, export processing zones, hi-tech parks, and economic zones.

Each of these bodies plays a distinct role in ensuring that investment projects align with national development strategies, regulatory requirements, and local planning frameworks.



# Key Pre-Application Considerations

In general, when assessing a manufacturing investment project, the investment registration authority will consider several key conditions, including:

- That the project does not fall within prohibited business lines;
- That a lawful project location has been secured with appropriate land use or lease documentation;
- Compliance with relevant planning requirements;
- Satisfaction of minimum capital per land area and labor use requirements (where applicable);
- Compliance with market access conditions applicable to foreign investors; and
- Adherence to technology requirements for projects subject to technology appraisal.

## Market Access Conditions

Vietnam maintains a comprehensive List of Sectors and Trades that includes: (i) business lines prohibited for investment and (ii) sectors with restricted market access for foreign investors - covering both activities not yet open to foreign participation and those subject to specific conditions under Vietnamese laws.

Foreign investors enjoy the same market access conditions as domestic investors if their intended business lines do not fall within the above Lists.

If their business lines fall in the list of Sectors and Trades with Restricted Market Access for Foreign Investors. Depending on the industry concerned, market access conditions for foreign investors may involve:

- The foreign ownership ratio in the charter capital of an economic organization;
- Forms of investment;
- Scope of investment activities;
- Requirements on the capacity of investors and partners participating in the investment activities; and
- Other conditions as prescribed by laws and international treaties to which Vietnam is a member.

## Project Scale

Project scale plays an essential role in the licensing process, and foreign investors should be prepared to clearly present the following information to the authorities:

- **Project area:** The total land area to be used, its alignment with approved planning, and the design capacity of the factory, including construction scope, any planned renovation or new construction, and the resulting construction footprint.
- **Expected annual output:** The projected production volume per year based on the proposed manufacturing operations.
- **Production workflow:** A concise overview of raw materials, key machinery, main operational steps, and the technology to be applied, together with a summary of environmental impacts. Providing accurate, consistent, and well structured information on these elements helps the authorities assess the project's feasibility more efficiently and can significantly streamline the licensing process.

## Financial Capacity

This statement of total investment capital is one of the mandatory documents in the application dossier for obtaining licenses in Vietnam. The total investment capital includes both contribution (charter) capital and loan capital and is intended to demonstrate that the investor has sufficient financial capacity to operate the factory and cover all essential project expenses. Typically, the registered investment capital will cover:

- Factory rental costs (usually six months of rent plus a security deposit)
- Factory renovation costs
- Machinery and equipment costs
- Other operating expenses
- Working capital

The investor's financial capacity is reflected through a combination of contributed capital and mobilised capital, if applicable.

The investment capital demonstrates the investor's own financial strength and is usually verified through bank statements, audited financial statements, or equivalent supporting documents. Capital can be contributed in many forms, including cash in Vietnamese Dong, freely convertible foreign currencies, gold, land use rights, intellectual property, technology, technical know-how, and other valuable assets that can be assessed in Vietnamese Dong.

## Project Term

Project Term refers to the legally registered duration during which an investment project is permitted to operate in Vietnam. The project term is stated in the IRC or IPA and serves as the official timeframe for implementing, operating, and completing the project. The project term must comply with Vietnam’s statutory limits, typically not exceeding 50 years, or up to 70 years for projects located in particularly challenging socio economic areas or those requiring large capital investments with slow capital recovery. In detail:

Operating term	Applicable Projects
Up to 70 years	<ul style="list-style-type: none"> <li>- Investment project located within an economic zone</li> <li>- Projects implemented in areas with difficult or particularly difficult socio-economic conditions</li> <li>- Projects with large investment capital and long capital recovery periods,</li> <li>- Projects for the development and operation of high-tech zone infrastructure, high-tech industrial parks, concentrated digital technology zones, or</li> <li>- Projects eligible for special investment incentives or support</li> </ul>
Up to 50 years	Investment project located outside an economic zone

The project term is notably different from the implementation period of a project, which refers to the time needed to complete land related procedures, build facilities, and bring the factory into operation (typically around 24 months). It also differs from the land lease or factory lease term used for operating the project. However, in practice, some local authorities may choose to align the project term with the expected duration of the factory lease based on their own interpretation.

### **Project term adjustment or extension**

Vietnamese law distinguishes two concepts related to the duration of an investment project: adjustment and extension of the project term.

- An adjustment of the project term means changing the length of a project during its current operation period. The investor may increase or reduce the approved project term, as long as it does not exceed the statutory maximum (50 or 70 years, depending on the project).

- An extension of the project term means continuing the project for a new period after the current term is about to end or has ended. Each extension must still comply with the statutory maximum. An application for extension can only be filed within the last twelve (12) months before the project expires.

If the project has not yet reached the statutory maximum term, the investor may choose either to adjust the existing term or to apply for an extension to start a new term, provided that the legal limits are respected.

## Socio-Economic Impact

The Project is expected to deliver significant socio economic benefits to the local area, contributing not only to industrial output and tax revenue but also to the creation of stable, long term employment opportunities for the surrounding community. These direct contributions help stimulate local economic activity, diversify the industrial base, and reinforce the region’s competitiveness.

Beyond these immediate advantages, authorities will also evaluate the Project’s broader developmental impact. This includes its potential to strengthen local supply chains by fostering deeper linkages with domestic manufacturers and service providers, its ability to introduce advanced technologies and modern production methods, and its role in enhancing environmental efficiency and operational standards. Projects that demonstrate clear pathways for technology transfer and capability building often receive strong recognition for their added value to Vietnam’s industrial ecosystem.

Regulators also consider how the Project supports sustainable, long term growth across the region. This may involve improving workforce skills through training and upskilling initiatives, enabling knowledge sharing between international experts and local teams, and generating positive spillover effects for small and medium sized enterprises. In many cases, a well structured project can act as a catalyst for new business opportunities, logistics improvements, and complementary investments within the locality.

By aligning with these socio economic development priorities, the Project positions itself as a strong candidate for regulatory support. Projects that clearly articulate their contribution to local development, industry advancement, and sustainable growth tend to be viewed more favorably throughout the approval and evaluation process, helping to create a smoother and more efficient licensing journey for investors.

## Unit Registration (where required)

Where a factory is located in a province or city other than the company’s registered headquarters, the establishment and operation of that factory may give rise to separate registration or notification requirements with the local authorities where the factory is situated.

Accordingly, following the issuance of the IRC, the investor may be required to complete relevant registration procedures at the local level, depending on the enterprise’s chosen operational and investment structure.

For example, where a company is headquartered in Ho Chi Minh City but operates a factory in an industrial park in Dong Nai, certain local unit or subsidiary registrations in Dong Nai may be required in order for the factory to lawfully operate.

## Legalisation of Foreign Documents

Documents issued outside Vietnam must be legalized unless they qualify for an exemption under an applicable international treaty. Consular legalization is the procedure through which the competent authority verifies the authenticity of the seal, signature, and title shown on the documents. It is important to note that this verification only confirms the authenticity of these formal elements and does not certify or validate the content or format of the documents themselves.

The legalization process differs from country to country. Therefore, you should contact the Vietnamese embassy/consulate in your country for the specific requirements. Generally, the consular legalization process generally involves three key steps:

### **Step 1: Notarization in the host country**

The document is first notarized by a Notary Office to verify that the signature on the document is authentic or, in the case of a copy, that it is a true and accurate reproduction of the original.

### **Step 2: Authentication by Foreign Affair Authorities of the host country**

The notarized document is then certified by the Ministry of Foreign Affairs (or its authorized agency) in the issuing country to confirm the authenticity of the notarization.

### **Step 3: Legalization by Vietnamese Foreign Affair Authorities**

Finally, the document is legalized by the competent Vietnamese authority. Depending on where the document is submitted, this may be carried out by a Vietnamese Embassy or Consulate in the issuing country, the Consular Department of the Ministry of Foreign Affairs in Vietnam, or the Department of Foreign Affairs of Ho Chi Minh City.

## ***Vietnam's accession of Apostille Convention***

It is worth noting that Vietnam has acceded to the Apostille Convention, which will officially take effect in Vietnam on 11 September 2026. Once implemented, the Apostille system will significantly simplify the use of foreign public documents in Vietnam.

Under this system, instead of undergoing the traditional multi step consular legalization process in both the issuing country and Vietnam, public documents will only require a single Apostille certificate issued by the designated authority in the issuing country. This streamlined process replaces multiple layers of notarization, authentication, and consular legalization with one standardized document.

### **Step 1: Notarization in the issuing country**

Where required, the document is first notarized by a competent Notary Office to certify the authenticity of the signature or, in the case of a copy, to confirm that it is a true and accurate reproduction of the original.

### **Step 2: Issuance of Apostille by the competent authority**

The notarized document is then submitted to the competent authority designated under the Hague Apostille Convention in the issuing country for the issuance of an Apostille, which certifies the authenticity of the notarization for use in other contracting states.

Vietnam's accession to the Convention will greatly facilitate cross border transactions by making it easier and faster for individuals and businesses to use documents between Vietnam and more than 125 member countries. The new system is expected to reduce processing time, lower administrative and translation costs, and minimize paperwork, ultimately creating a more efficient and investor friendly environment.



# Regulatory Requirements for Operations

## Fire prevention and protection

Under Vietnamese regulations, manufacturing facilities and certain warehouse based operations are categorized as establishments with fire and explosion hazards and therefore fall under the fire prevention and fighting (FPF) management regime.

As such, they will undergo a mandatory fire prevention and fighting (FPF) design appraisal conducted by the competent authority, in accordance with the procedures prescribed for design appraisal of facilities listed in the fire hazard category. Following design appraisal, these facilities must also obtain FPF acceptance before being put into operation, consistent with the requirements applicable to construction works by law. This process ensures that key design components, such as fire detection systems, fire fighting equipment, access routes, structural fire resistance, and other safety solutions, are reviewed and verified for compliance at both the design stage and the completion stage.

Additionally, each year, the competent authority will conduct periodic FPF inspections on establishments under its management or carry out ad hoc inspections. The head of the establishment, the project owner, or the owner of the facility is responsible for preparing all required documents and records in accordance with the inspection contents already notified or providing relevant documents for unscheduled inspections. They will directly work with, or legally authorize a person under their management to work with, the inspecting authority or authorized officer.

Additionally, certain facilities that operate in sectors with a higher risk of fire or explosion, such as factories or certain types of warehouses, are required to purchase mandatory fire and explosion insurance. This insurance protects all key assets on site, including buildings, production equipment, and goods or materials stored at the facility. If the required insurance is not in place, the business may face administrative penalties, and in the event of an incident, it would have to cover all losses on its own without any insurance compensation.

## Environmental Assessment & Approval

Subject to scale, capacity, type of production, business, service, land use area, water surface area, sea area, scale of natural resource exploitation, environmental sensitivity factors of investment projects, there are four (4) groups I, II, III, and IV, ranging from high risk projects to those with no expected environmental impact.

Among these categories, Group I projects must undergo a preliminary environmental impact assessment at the pre feasibility study stage and when seeking investment policy approval. In addition, Group I projects, and certain Group II projects as specified under Vietnamese regulations, are required to prepare a full environmental impact assessment during the development of the feasibility study report or its equivalent.

Before commencing trial operation, facilities classified under Groups I, II, or III that generate wastewater, exhaust gases, or dust requiring treatment, or engage in activities such as importing scrap for production materials or treating hazardous waste, must obtain an Environmental License. Projects or facilities not falling within the scope requiring an Environmental License may instead be subject to a simpler procedure, the Environmental Registration, depending on their scale and type of waste generated.

Manufacturing facilities are generally required to prepare and submit an annual environmental protection report as part of their environmental compliance obligations. The report summarizes environmental management activities for the year and is submitted to the relevant local authorities by January 15 of the following year.

## Occupational Safety and Health (OSH)

Under Vietnamese occupational safety and health regulations, employers are expected to create a safe and high performing manufacturing environment by ensuring that all working conditions meet legal safety requirements, fully complying with safety measures throughout daily operations, and prioritizing prevention through the elimination and control of hazardous and harmful factors in the workplace. Accordingly, employers are generally required to carry out the followings:

- **Establish and implement an occupational safety and hygiene system within the facility**  
This may include creating SOPs for equipment and production lines, conducting regular risk assessments, implementing machine safety controls, and preparing emergency response plans with periodic drills.
- **Provide adequate safety training and personal protective equipment (PPE)**  
Examples include providing required safety training, offering hands on instruction, issuing appropriate PPE, and regularly inspecting and replacing any non compliant PPE.
- **Prevent employees from working in unsafe conditions**  
For instance, if electrical faults, chemical leaks, or abnormal machine behavior occur, the employer must halt operations immediately and allow work to resume only after the safety or technical team confirms the hazard is resolved.
- **Assign a safety department and on site supervision**  
Employers must arrange appropriate safety personnel or a dedicated safety unit to oversee compliance, monitor workplace conditions, and ensure the continuous implementation of safety measures.
  - **Safety and Occupational Hygiene Department:** The enterprise must assign safety personnel according to its industry and scale, ranging from a part-time/full-time safety officer to establishing a full-safety department when the workforce exceeds 1,000 employees. Safety personnel must have appropriate technical qualifications and relevant experience.
  - **Medical Department:** The establishment must arrange medical staff appropriate to its size, from one mid-level medical worker to setting up a full medical facility when the workforce exceeds 1,000 employees. Medical personnel must have proper professional qualifications and an occupational health certificate; if the enterprise cannot arrange this internally, it must contract with a qualified medical provider.
  - **Safety and Occupational Hygiene Council:** The enterprise must establish a Safety and Occupational Hygiene Council when it operates in high-risk industries with 300 or more employees, or in other industries with 1,000 or more employees. Smaller establishments may form the council voluntarily if necessary.

- **Accident reporting and investigation:** This may include reporting, investigating, documenting, and tracking workplace accidents and diseases, notifying authorities in serious cases, keeping required records, and regularly reviewing near miss incidents.
- **Consulting with the trade union:** Employers will consult the trade union when issuing safety rules, procedures, risk assessments, and safety KPIs, with union representatives joining regular meetings on safety, 5S, and improvement activities.

## Technology Transfer

Technology transfer plays a key role in driving innovation, enabling businesses to bring new technologies into real-world application and turn them into improved products, services, and production methods. A technology transfer may cover a wide range of components - from technical know how and process documentation to software, technical solutions, and even machinery and equipment packaged with accompanying technological assets.

By laws, technology transferred consists of one or more of the following objects:

- Technical know-how, technological know-how;
- Technological plans and processes; solutions, parameters, designs and technical diagrams; models, algorithms, formulas, software, information and data;
- Solutions for rationalizing production and technological innovation;
- Machinery and equipment accompanied by any of the above-mentioned objects.

It is noted that when an investor transfers technology from abroad into Vietnam through an investment project, capital contribution by technology, franchise, transfer of intellectual property rights, or the purchase and sale of machinery and equipment accompanied by technology transfer objects, the contract is required to be registered with Vietnam authority for science and technology, except for restricted technologies that have already been granted a Technology Transfer License including:

- Outdated technology or equipment no longer used in developed countries.
- Uses hazardous chemicals or generates hazardous waste (within national standards).
- Produces products through genetic modification.
- Uses or generates radioactive materials (within national standards).
- Uses restricted domestic natural resources or minerals.
- Uses untested breeding or cultivation technologies.
- Produces products that negatively impact customs, traditions, or social ethics.

# Export Processing Enterprise (EPE)

Export-processing activities involve the specialized manufacture of goods for export, the provision of services that support export production, and the performance of export operations. An Export Processing Enterprise (“EPE”) is a specific legal status operating under the non-tariff zone regime. Importantly, EPE status is not obtained simply by engaging in export activities; instead, it is granted only when an enterprise fully meets all legal and operational requirements of the non-tariff zone framework. This includes strict compliance with customs inspection, supervision, and control conditions applicable to enterprises functioning within a non-tariff zone. When an EPE exchanges goods with the domestic market (outside non-tariff zones), the transaction is generally treated as import-export, except for certain cases by law.

## Tax Regime Applicable To EPEs

EPEs receive significant tariff benefits compared to regular export-oriented manufacturing enterprises. The tax-related economic advantages of an EPE primarily lie in import-export duties and tax cash-flow optimization in respect of (i) input materials procured for production purposes and (ii) output taxes applicable to exported goods.

Transaction	EPE	Non-EPE
<b>I. Export-Import Duties</b>		
Import of machinery/equipment from overseas for installation and use in the manufacturing plant	Non-taxable	Taxable
Imported material from overseas for manufacturing-export	Non-taxable (Materials exported from domestic: export taxable)	Import tax exemption (Material from local market: No import/export tax)
Export of products manufactured overseas	Non-taxable	Subject to export duty
<b>II. Value Added Tax (VAT)</b>		
Goods/services purchased from overseas	Non-VAT	Subject to VAT import and withholding tax (if applicable)
Goods/services purchased from domestic suppliers for manufacturing	VAT 0%	Subject to VAT (5%, 8%/10% depending on the goods/services)
Export of products overseas	Non-VAT	VAT 0%
Sale of goods to domestic enterprises	Subject to VAT (5%, 8%/10% depending on the goods/services)	Subject to VAT (5%, 8%/10% depending on the goods/services)

A key limitation of the EPE model is that transactions between an EPE and domestic enterprises are treated as import-export, meaning domestic buyers must complete import procedures and pay import duties and import stage VAT, which can make EPE produced goods less competitive than goods from ordinary domestic manufacturers; therefore, the EPE model is most advantageous when exports make up the majority of production, allowing investors to benefit from domestic sourcing to reduce costs while maximizing the tax incentives available for exporting goods from a non tariff zone.

# Process and Conditions

To be recognized and maintain Export Processing Enterprise (EPE) status, an enterprise must simultaneously satisfy the following necessary and sufficient conditions:

## Stage 1: Formal recognition as an EPE by the investment registration authority (Necessary condition)

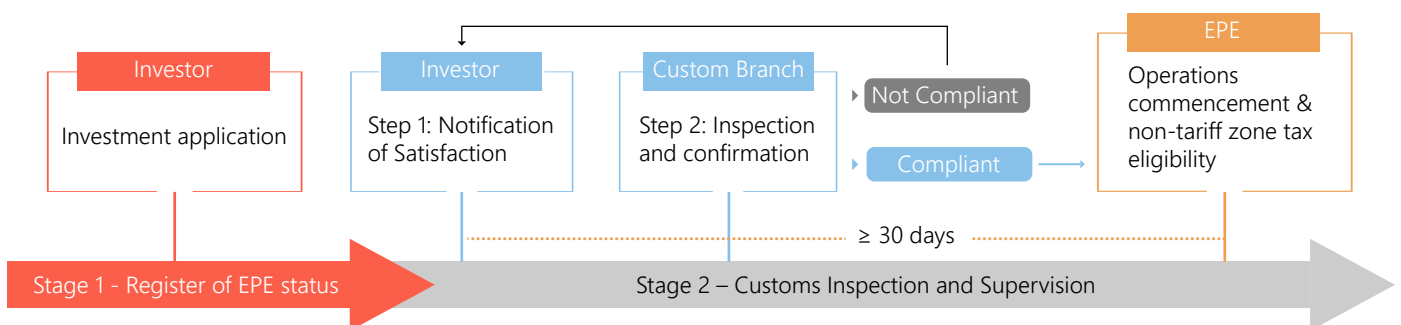
EPE status is only effective when the enterprise is expressly recorded as an EPE in its IRC or confirmed through an official written notice issued by the competent licensing authority. This is the foundational legal step enabling the enterprise to access the incentives of the non tariff zone regime.

In addition, it is noted that to be registered/converted as an export processing enterprise, a normal enterprise is normally required to locate and operate within an export processing zone, or within an industrial zone, or within an economic zone.

## Stage 2: Fulfillment of customs inspection and supervision requirements (Sufficient condition)

An EPE must establish a dedicated production and storage area that is physically separated and operated as an independent zone under the specialized supervision of customs authorities. This includes meeting specific requirements relating to infrastructure, internal controls, monitoring systems, and operational procedures. In particular:

- **Physical security system:** A clearly defined, secure boundary separated from the outside by a solid fence, ensuring that all movements of goods into and out of the export processing enterprise occur exclusively through designated access points. This setup must fully meet customs requirements for inspection, supervision, and control.
- **Electronic surveillance system:** The EPE should install a 24/7 CCTV system that covers all entry/exit points and all areas where goods are stored (such as warehouses or yards for materials, WIP, finished products, machinery, and equipment). Cameras must provide clear, usable footage to support customs monitoring, allow real time online access for the supervising Customs authority, and retain recorded data for at least 12 months.
- **Management software:** The EPE must operate software that manages imported goods under the non dutiable regime and is capable of generating accurate import-export-inventory (I/E/I) finalization reports in compliance with customs regulations.



## Key notification obligations during EPE’s operations

- Notify the manufacturing facility after Customs confirms the EPE conditions. Customs will inspect the facility before the first import.
- Notify Customs once per processing contract/appendix; update only if information changes.
- Notify of the actual consumption norms for the quantity of products manufactured within 90 days after fiscal year end.
- Submit the annual import-export-inventory report (or final settlement report on the use of raw materials and supplies) within 90 days after fiscal year-end.

# Labour, Staffing, and Tax Compliance

## Labour and Staffing Requirements

Vietnam's labour market is a key attraction for foreign manufacturers, offering both lower costs and a young, educated workforce. However, foreign investors must navigate several regulations.

### Labour Contracts and Compliance

Vietnam's Labour Code requires formal employment contracts for all employees. These contracts must cover key areas such as salary, working hours, social insurance, and other benefits. Make sure your company complies with these stipulations:

- **Minimum wage:** Minimum wages are determined by region and are subject to periodic government adjustment. Employers must ensure that employees' wages are not lower than the applicable regional minimum wage. For example, as of 1 January 2026, the minimum wage in Hanoi and Ho Chi Minh City is around VND 5,31 million per month.
- **Working hours:** Standard working hours are up to 48 hours per week (generally 8 hours per day and 6 days per week). Overtime is permitted subject to statutory limits, employee consent, and payment of overtime premiums in accordance with labour regulations.
- **Social insurance:** Employers are required to contribute to compulsory social insurance (17.5% of salary), health insurance (3%), and unemployment insurance (1%), subject to statutory salary caps.

## Hiring Foreign Employees

While Vietnam has a large domestic labour pool, foreign managers or technical experts may be needed. Hiring foreign workers requires obtaining **work permits**, which include:

- Justifying the need to employ foreign workers for positions requiring specific expertise.
- Meeting minimum qualification and experience requirements for foreign hires.
- Foreign employees holding valid work permits and labour contracts remain subject to compulsory social insurance participation, with employer contributions at 17.5% and health insurance at 3%; unemployment insurance does not apply.

## Training and Skill Development

Although Vietnam has a young workforce, companies may need to invest in **on-the-job training** or partner with local vocational schools to develop the necessary skills. For high-tech industries, collaboration with local universities can provide a pipeline of trained engineers and technicians.

## Taxation and Financial Compliance

Understanding Vietnam's financial compliance and tax landscape is crucial for a successful operation. Vietnam has a structurally simple corporate tax system, but companies must ensure they remain compliant with both national and local tax regulations. The technicalities to the tax systems can introduce risks and compliance problems for investors.

### Corporate Income Tax (CIT)

Vietnam applies a standard corporate income tax (CIT) rate of 20% to manufacturing and other business activities.

Manufacturing projects may qualify for preferential CIT treatment under the investment incentive regime if they are implemented in encouraged sectors (e.g. high technology, supporting industries) or in socio-economically disadvantaged locations, subject to statutory conditions and project approval. Eligible projects may benefit from a preferential CIT rate of 10% for a specified period, together with potential tax exemptions and reductions in accordance with the applicable incentive regulations.

Separately, from 2025, Vietnam applies reduced CIT rates of 15% and 17% for enterprises meeting certain revenue thresholds and conditions (including criteria relating to related party transactions). These measures operate independently from the investment incentive regime and are subject to separate eligibility criteria.

### Value-Added Tax (VAT)

Most goods and services in Vietnam are subject to VAT at a standard rate of 10%. However, exported goods are generally zero-rated, making Vietnam an attractive base for export-focused manufacturing.

### Special Consumption Tax (SCT)

If manufacturing involves SCT-liable goods such as automobiles, alcoholic beverages (including beer, wine, and spirits), tobacco products, or other goods subject to special consumption tax, SCT will apply at varying statutory rates. Understanding and complying with SCT obligations is critical for companies planning to manufacture consumer or excisable goods, particularly when establishing new production facilities in Vietnam.

### Transfer Pricing Regulations

Vietnam has implemented comprehensive transfer pricing rules for transactions between related parties. Companies must maintain robust documentation of transfer pricing policies and submit regular reports to avoid penalties.

### Customs and Duties

Manufacturers that import raw materials or machinery must comply with customs duties and regulations. Vietnam offers customs duty exemptions for imported materials used in the production of export goods, provided specific requirements are met.

# Strategy, Processes and Policy

## Accounting Systems, Reporting and ERP

In Vietnam, accounting systems must adhere to Vietnamese Accounting Standards (VAS) and are progressively transitioning toward compliance with International Financial Reporting Standards (IFRS). Regular reporting practices are essential for maintaining regulatory compliance and enabling strategic decision-making. The integration of ERP systems supports these processes by automating data collection and reporting, providing real-time insights and improved accuracy, and helps businesses mitigate risks while enhancing operational productivity.

Developing Policies for operations which fit into group policies, but which are locally compliant and practical for Vietnamese common acceptance.

Developing operations within broader corporate frameworks while ensuring compliance with local regulations is vital for success in Vietnam. Policies should be crafted with input from local stakeholders to ensure they are relevant and applicable. While adapting to local conditions, it is essential to uphold the company's quality standards, as this commitment reassures stakeholders of the organization's dedication to excellence and reinforces trust in both the brand and its products or services. Furthermore, understanding and respecting local cultural practices is key to successful policy implementation. Policies that consider Vietnamese customs and business practices facilitate smoother operations and build stronger relationships with local partners and customers.

Labour policies: staff manuals, training plans, and aligning with group policies

Staff manuals are essential tools that outline company expectations, employee rights, and local labor laws, promoting clarity and consistency across all jurisdictions. They help employees understand the organization's values, which is vital for building a unified workplace culture. Effective training plans, aligned with group policies, ensure that high standards are maintained globally while adapting to local contexts.

## Internal controls and internal reporting

While internal controls provide a framework to maintain compliance and reduce risks, internal reporting emphasizes delivering a clear overview of organizational performance to the Board of Management. This includes insights on recent developments, current issues, and strategic direction.

For multinational corporations, maintaining consistency in internal reporting across various regions is essential. This approach is not about stringent oversight but rather about crafting a comprehensive narrative that showcases achievements, pinpoints challenges, and outlines future strategies. It helps align operational practices with the organization's strategic goals. Such consistency not only enhances operational efficiency but also boosts stakeholder confidence.

## QC and Supplier Audit compliance

QC ensures that products meet established quality standards, while supplier audits evaluate whether partners adhere to these standards and comply with regulations. Together, these processes enhance product reliability and consumer trust. Integrating QC and supplier audit processes into the operational framework creates a cohesive approach to quality management. This integration ensures that all stakeholders, from production teams to suppliers, understand their roles in maintaining quality, thereby promoting a unified commitment to excellence. Furthermore, fostering strong relationships with suppliers through regular audits and open communication enhances collaboration. This partnership approach can lead to continuous improvement in quality and operational efficiency, benefiting both parties.

## Securing Reliable Supply Chains

Additionally, foreign companies find success when they engage with Vietnam's business landscape. Establishing good local partnerships, selecting reliable local suppliers and developing robust supply chains are critical in Vietnam's growing manufacturing landscape. Many companies have succeeded by taking the time to understand local supplier capacities and by working with logistics providers that can navigate Vietnam's rapidly improving infrastructure. By investing in these relationships, businesses not only secure their supply lines but also foster resilience against potential disruptions.

# Post-Establishment Operations and Compliance

Once manufacturing operations are set up, maintaining compliance with Vietnamese laws and operating efficiently will be critical for long-term success.

There are a significant range of obligations arising from the date when the company is established (i.e issued the IRC and ERC). Compliance requirements span multiple areas, including but not limited tax obligations, accounting practices, periodic reporting, and environmental regulations. The below covers essential compliance requirements, though it is not exhaustive. Understanding and planning to meet these requirements is crucial for a smooth start to operations in Vietnam.

## Audits, Taxes and Reporting

Vietnamese companies, especially foreign-invested enterprises, must adhere to stringent reporting requirements, including:

- **Annual financial audits:** Required for all companies, conducted by a licensed Vietnamese auditing firm.
- **Tax filings:** Monthly or quarterly VAT returns, quarterly CIT payments, and annual CIT reconciliations.

## Ongoing Compliance

Ongoing compliance encompasses the continuous adherence to regulatory standards throughout the operational lifespan of a business, extending beyond the initial measures established at startup.

Companies should implement robust internal controls and comprehensive compliance mechanisms to ensure they meet these standards consistently. Regular audits of financial and operational practices are essential to confirm alignment with local laws, facilitating early identification of potential issues. Furthermore, businesses must remain proactive in monitoring legislative changes that may impact their operations. Engaging with legal experts and industry associations is vital for effectively navigating the evolving regulatory landscape, thereby safeguarding the organization's integrity and fostering sustainable growth.

As companies embark on their operations in Vietnam, embracing the importance of compliance within the local business environment is a significant opportunity for success. The regulatory landscape, while multifaceted, encompasses various laws and standards that govern financial practices, environmental responsibilities, labor relations, and more. By proactively engaging with these regulations, companies can navigate the operational landscape effectively and position themselves for sustainable growth.

The journey of establishing operations in Vietnam extends beyond the initial setup; it involves a steadfast commitment to ongoing compliance and adaptation. By investing time in understanding these regulations, businesses can enhance their operational strategies and ensure compliance, ultimately fostering a culture of responsibility and accountability that supports long-term success.



## Conclusion & About Alitium

Establishing and operating a manufacturing business in Vietnam requires careful preparation and a strong understanding of the country's legal and operational environment. From investment licensing and factory setup to workforce management, regulatory compliance, and taxation, each stage plays a critical role in ensuring long-term success. Early decisions not only impact operational efficiency but also shape a company's risk exposure and its ability to achieve sustainable growth.

Alitium Professional Services is an experienced advisory firm that supports foreign investors in navigating the complexities of the Vietnamese market. With a comprehensive suite of services, Alitium provides expert guidance on legal and licensing matters, corporate advisory, accounting, human resources, compliance, and taxation. By combining strong technical expertise with a flexible, practical approach, Alitium delivers precise and tailored solutions to meet each client's unique needs. Recognising the challenges that Vietnam's regulatory environment can present to new market entrants, the firm is committed to offering clear, actionable advice that balances commercial objectives with legal compliance.

With a strong emphasis on governance, transparency, and a client-centric approach, Alitium is dedicated to helping businesses build a solid foundation and achieve sustainable success in Vietnam.

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Phuong is a registered lawyer in Vietnam with over 12 years of professional experience, specialising in corporate law, foreign direct investment (FDI), and commercial law, with complementary experience in tax matters. Prior to founding Alitium, Phuong directly lead a team of 20 lawyers focussing on supporting foreign-listed and multi-national investors. Her main practice areas include legal and structural advisory, corporate and FDI transactions, contract drafting, review and negotiation, and commercial advisory, with additional expertise in tax structuring when required.



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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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