

# LEGAL FORUM

## STRUCTURING INVESTMENTS INTO VIETNAM: A HIGH-LEVEL EXECUTIVE SUMMARY

This executive summary aims to provide high-level considerations covering structure, governance, incentives, risk, and US tariffs and mitigation.

### Why Vietnam Now

- Growth and demographics: steady GDP<sup>[1]</sup> expansion and a young, tech-ready workforce.
- Regulatory momentum: ongoing reforms in corporate, IP<sup>[2]</sup>, and bankruptcy regimes, as well as recent centralization of dispute resolution.
- Tariff risk context: US tariffs can impact the cost structures of exports and components. Vietnam remains a diversified manufacturing alternative with potential tariff-advantage benefits, but vigilance is required as this is a developing space.



<sup>[1]</sup> Gross Domestic Product  
<sup>[2]</sup> Intellectual Property

### Core Investment Structures

- Local entities
  - LLC<sup>[3]</sup> or JSC<sup>[4]</sup>, often with 100% foreign ownership in many sectors.
  - Other local structures may be used for specific activities, provided they comply with relevant regulations.
- Strategic partnerships
  - Domestic joint ventures (JV) or contracts for technology transfer or faster market entry.

### Tax, Incentives, & Compliance

- CIT<sup>[5]</sup> incentives: look for preferential rates or holidays for high-tech or green projects. Incentives may also vary by location and sector.
- Indirect taxes: watch out for sector-specific VAT<sup>[6]</sup> rules and plan your pricing strategies accordingly.
- Transfer pricing and substance: ensure a real

local presence (teams, procurement, operations) to support pricing and licensing, aligning with OECD<sup>[7]</sup> guidance.

<sup>[3]</sup> Limited Liability Company

<sup>[4]</sup> Joint Stock Company (aka Shareholding Company)

<sup>[5]</sup> Corporate Income Tax

<sup>[6]</sup> Value-added Tax

<sup>[7]</sup> Organisation for Economic Co-operation and Development

## Tax, Incentives, & Compliance (Continued)

- R&D<sup>[8]</sup> and IP structuring: position IP and R&D activities to maximize benefits under trade policies (e.g., royalty structures that align with transfer pricing and substance requirements).
- Export processing and incentives: explore eligible incentives or exemptions for export-oriented manufacturing.
- Governance and compliance: deploy basic corporate governance practices, AML/KYC<sup>[9]</sup>, and anti-corruption measures.
- PDPA<sup>[10]</sup> compliance: PDPA rules are nascent in Vietnam but should be taken into consideration. Plan for disclosure and compliance.

## Tariffs, Mitigation, and Compliance Strategy

- Understand tariff exposure: identify which inputs, components, or finished goods are subject to US tariffs. To reduce tariff impact, consider if (a) Vietnam's FTAs<sup>[11]</sup> can qualify for preferential origin benefits; and (b) evaluate alternate suppliers or domestically source components.

<sup>[8]</sup> Research & Development

<sup>[9]</sup> Anti-Money Laundering / Know Your Customer

<sup>[10]</sup> Personal Data Protection Act

<sup>[11]</sup> Free Trade Agreements



## Risk and Discretion

- Regulatory and Operational risk: monitor changes in ownership caps and sector rules, and carry out due diligence on partners, internal operations and cyber risk.
- Dispute resolution: plan for a mix of local courts and arbitration; contracts should reflect preferred forums.
- ESG<sup>[12]</sup> considerations: manage community and environmental impacts to protect license to operate.



<sup>[12]</sup> Environmental, Social and Governance

Vietnam offers an attractive path for corporate investments in Vietnam. There are clear risks which can be mitigated by combining flexible local and offshore structures and clear governance. To navigate tariff risks, teams should map inputs, diversify sourcing, leverage origin rules under FTAs, and design R&D/IP and transfer-pricing strategies. A disciplined approach and early planning is key to ensure success.

*by Benjamin Yap  
Senior Partner*