

How to do business with Vietnam

Legal considerations

Due to entering international free trade agreements, Vietnam has reformed its domestic legislation, although inconsistencies still occur. Depending on how and where your business operates, and how you invest funds, different levels of authority or legislation may apply.

Standards and technical regulations The responsibility for ensuring that products meet relevant safety standards lies with suppliers and manufacturers who must label their products clearly to provide instructions regarding proper use and warnings against misuse.

Vietnam's standards and technical regulations are in line with international ones. Exemption and simplification can only be applied if there is a mutual agreement between both countries.

Make sure you obtain the required technical licences before you export, be aware that this could take some time.

The Directorate for Standards, Metrology and Quality of Viet Nam (STAMEQ) is a governmental agency under the Ministry of Science and Technology (MOST) with responsibility for standards and quality in Vietnam. See: <https://tcvn.gov.vn/?lang=en>.

Law on marketing and selling in Vietnam If you are selling to consumers (rather than businesses) you will need to comply with Vietnam's consumer protection laws. Customers in Vietnam have various consumer rights, particularly when you sell at a distance (without meeting the customer face-to-face).

It is important to note that advertising in Vietnam as a foreign firm is heavily regulated too, and it is advisable to partner with a local advertising organisation if you wish to advertise.

The Directorate for Standards, Metrology and Quality of Viet Nam (STAMEQ) has responsibility for enforcing quality standards to meet consumer safety standards.

The Vietnam Competition Authority provides useful information at: <http://www.vca.gov.vn/Default.aspx?CatelD=185> regarding consumer rights, and the Vietnam Investment and Trade Promotion Centre (ITPC) has details of current legislation governing consumer rights in Vietnam, at: <http://www.itpc.gov.vn/>.

Product liability insurance Product liability insurance covers the cost of compensation for anyone injured by a faulty product. If you design, manufacture or

supply a physical product that is sold or given away for free, you should therefore consider taking out product liability insurance.

See the Association of British Insurers (ABI) website at: <https://www.abi.org.uk/products-and-issues/choosing-the-right-insurance/business-insurance/liability-insurance/product-liability-insurance/> for further information, or alternatively, contact the DIT team in Vietnam at: <http://www.gov.uk/world/organisations/department-for-international-trade-vietnam#contact-us> for contacts of local insurers or specialist brokers.

Professional indemnity insurance

You may require professional indemnity insurance if you provide a service and need to protect yourself against negligence claims from clients or third parties in Vietnam. See the Association of British Insurers (ABI) website at: <https://www.abi.org.uk/products-and-issues/choosing-the-right-insurance/business-insurance/liability-insurance/professional-indemnity-insurance/> for further information, or alternatively contact the DIT team in Vietnam at: <http://www.gov.uk/world/organisations/department-for-international-trade-vietnam#contact-us> for further advice, and for contacts of local insurers or specialist brokers if appropriate.

Labelling your products

Label all goods sold in Vietnam in Vietnamese and make sure you provide the following information:

- registered trademark
- product name
- address of the manufacturer, importer or re-packer in Vietnam
- active ingredients
- net quantity of contents
- registered business name
- business address of origin
- symbols consistent with the nature of goods
- product contents

Display all weights, measures and volumes in metric units.

It is also important to provide a certificate of origin on your products. More information on this is available at the Vietnam Trade Promotions Agency (Vietrade). See: <http://en.vietrade.gov.vn/>.

In Vietnam, there can be short notice changes to regulations that govern product labelling, so ensure you keep up to date by checking with Vietrade or with the DIT team in Vietnam at: <https://www.gov.uk/world/organisations/department-for-international-trade-vietnam#contact-us> for further detailed information and advice on labelling requirements.

[Source – DIT Trade and Investment guide: Vietnam, gov.uk]

Taxation

Double taxation agreement The UK and Vietnam have signed a double taxation agreement, which allows some taxes paid in one country to be deducted in the other, so should prevent any double tax liability from UK and Vietnamese authorities over the same income. See: <https://www.gov.uk/government/publications/vietnam-tax-treaties>.

Vietnam's General Department of Taxation at the Ministry of Finance is responsible for tax matters. See: <http://gdt.gov.vn/wps/portal/english> for details.

Corporate income tax (CIT) Enterprises are subject to tax rates under the CIT Law and the standard CIT rate is 20%. Higher CIT rates apply to businesses operating in certain sectors.

Tax incentives are granted to businesses investing in certain:

- priority sectors
- specific locations
- large projects

Value added tax (VAT) VAT applies on the duty-paid value of imported goods. VAT must be paid to customs authorities by the importer at the same time as import duties. Different goods and services have different VAT rates. Generally, the rate is up to 10%.

The Vietnam Trade Promotion Agency provides up-to-date information on VAT regulations and products exempt from/subject to tax. See: <http://en.vietrade.gov.vn/> for further details.

You can find more information on VAT in non-EU markets at: <https://www.gov.uk/guidance/vat-exports-dispatches-and-supplying-goods-abroad>.

Special Sales Tax (SST) Special Sales Tax (SST) is applied to the production and import of certain items such as:

- cigarettes
- liquor and beer
- most vehicles
- services such as casinos, gambling, lotteries, golf clubs

You should check you have paid excise duty on any alcohol, alcoholic drinks or tobacco products you send to Vietnam.

Other taxes Other taxes include:

- foreign contractor tax
- natural resources tax
- environment protection tax

As a member of the ASEAN free trade agreement, imports from other ASEAN states and China are subject to discounted special preferential tax rates. More information is available via the Vietnam Trade Promotions Agency at: <http://en.vietrade.gov.vn/>.

[Source – DIT Trade and Investment guide: Vietnam, Vietrade, gov.uk]

Customs and documentation

Vietnam's General Department of Customs at: <https://www.customs.gov.vn/home.aspx?language=en-US> is responsible for customs matters and provides information on tariffs, and more information is available on the EU's Market Access Database at: <https://madb.europa.eu/madb/>.

Frequent changes can affect import duties. Different trade agreements determine the applied rates. Contact the Department for International Trade (DIT) team in Vietnam at: <https://www.gov.uk/world/organisations/departments-for-international-trade-vietnam#contact-us> to find out the rates that apply to your products and services.

Vietnam maintains a price reference database to avoid under-invoicing, which can impact customs valuation. See: <https://www.customs.gov.vn/home.aspx?language=en-US> for more information. You can look up your products by the four initial numbers of your Harmonised System (HS) codes

(see: <http://www.wcoomd.org/en/topics/nomenclature/overview/what-is-the-harmonized-system.aspx>).

More information about import tariffs is available in the EU's Market Access Database at: <https://madb.europa.eu/madb/>.

Documentation You should check with your local representative in Vietnam, who will be able to help you with the documentation needed to import your goods.

Vietnam's General Department of Customs at: <https://www.customs.gov.vn/home.aspx?language=en-US> provides a comprehensive list of the latest documents you will need. In addition, you can contact the DIT team in Vietnam at: <https://www.gov.uk/world/organisations/department-for-international-trade-vietnam#contact-us> for up-to-date information on the latest customs procedures.

[Source – DIT Trade and Investment guide: Vietnam, gov.uk]

Complying with HMRC regulations to export To export your goods to Vietnam you must make export declarations to HMRC through the National Export System (NES). Visit: <https://www.gov.uk/guidance/export-declarations-and-the-national-export-system-export-procedures> for further details.

You can find out how to declare your exports to Vietnam through the NES at: <https://www.gov.uk/guidance/export-declarations-and-the-national-export-system-export-procedures>. You must classify your goods as part of the declaration, including a commodity code and a customs procedure code (CPC).

Commodity codes and other details applying to exports in the UK Trade Tariff can be found at: <https://www.gov.uk/trade-tariff>.

Contact the HMRC Tariff Classification Service at: <https://www.gov.uk/guidance/finding-commodity-codes-for-imports-or-exports#list-of-useful-contacts> for more help.

The EU's Market Access Database (MADB) also has details about import tariffs. Visit: <http://madb.europa.eu/madb/indexPubli.htm>.

You must declare any goods that you take with you in your luggage to sell outside the EU. See: <https://www.gov.uk/take-goods-sell-abroad> for further information.

Temporary export of goods Vietnam does not recognise the ATA (Admission Temporaire/Temporary Admission) Carnet system. You therefore need to use a duplicate list to temporarily export goods to Vietnam. As with an ATA Carnet, you do not have to pay customs duty or tax. There is no fee. See: <https://www.gov.uk/taking-goods-out-uk-temporarily/duplicate-list>.

Before you export the goods, prepare a list on company stationery. Including:

- a description of the goods
- how many there are
- serial numbers, if the goods have them
- value of the goods

At customs, you will need to provide:

- two copies of the list
- a completed HMRC form C&E 1246.
See: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/374161/ce1246.pdf (PDF, 638 KB)

Contact the HMRC Imports and Exports Helpline in advance to make the arrangements:

- Telephone: 0300 200 3700
- Textphone: 0300 200 3719
- Outside the UK: +44 29 2050 1261
- Monday to Friday, 8am to 6pm

Visit: <https://www.gov.uk/taking-goods-out-uk-temporarily> for further information.

To apply for a temporary export licence you will need to use the SPIRE system at: <https://www.spire.trade.gov.uk/spire/fox/espire/LOGIN/login>.

Export licences for Vietnam You must have a licence to supply any items to Vietnam which are on the UK Strategic Export Control lists.

You can find out more about the lists, whether you might need a licence – and if so, how to obtain one – at: <https://www.gov.uk/guidance/beginners-guide-to-export-controls>.

You can also find out more general information on which products will need certification or licensing before they can be exported to Vietnam, at: <https://www.gov.uk/starting-to-export/licences>.

Import requirements/documentation You may choose to work with a Vietnamese customs agent. Contact the DIT team in Vietnam at: <https://www.gov.uk/world/organisations/department-for-international-trade-vietnam#contact-us> for further advice and lists of local agents.

[Source – DIT, gov.uk]

Shipping your goods

You can use a freight forwarder to move your goods if you are not knowledgeable about international shipping procedures. A freight forwarder will have vast expertise and familiarity with local documentation requirements, regulations, transportation costs and banking practices in Vietnam.

The British International Freight Association (BIFA) at: <http://www.bifa.org/home> and the Freight Transport Association (FTA) at: <http://www.fta.co.uk/> can assist in locating freight forwarders to transport your goods to Vietnam.

Sea freight

It takes between six to eight weeks to ship goods by sea to Vietnam from the UK. Vietnam has a number of seaports, around 14 of which are relatively large and important to the country's economic development. The three largest ports include Saigon, Hao Phong and Da Nang, although these seaports have a smaller capacity to those in neighbouring countries, in terms of ship handling and storage size.

In recent years, a programme of redevelopment was undertaken, that included the relocation of Saigon Port to Cat Lai and Hiep Phuoc. Vung Tau Port in southern Vietnam is also under development. These projects aid overseas companies by making sea freight to Vietnam easier and more cost effective.

Air freight

Vietnam's largest international airport is Ho Chi Minh City's Tan Son Nhat International Airport. The airport serves both Ho Chi Minh City and Dong Nam Bo in southern Vietnam. It handles roughly around 15-17 million passengers a year and 444,223 tonnes of air freight. There are also international airports at Noi Bai near Hanoi and Da Nang in central Vietnam.

Vietnam plans to build a new US \$16 billion airport, Long Thanh International Airport in Long Thanh county, Dong Nai province, about 50 km northeast of Ho Chi Minh City. Long Thanh is to be built in three phases over three decades, to reach a targeted annual capacity of 100 million passengers and five billion tonnes of goods. Stage one, running from 2018 to 2025, will cost US \$5.4 billion and on completion, will handle 25 million passengers and 1.2 billion tonnes of goods a year.

[Source – DIT]

Posting goods For information about sending goods by post to Vietnam visit Royal Mail at: <http://www.royalmail.com/viet-nam>.

The Vietnamese postal service provider is Vietnam Posts and Telecommunications Group (VNPT). See: <https://vnpt.com.vn/> for further details.

Shipping restricted, banned and dangerous goods Certain goods are classed as restricted or dangerous. If you wish to import any of these goods into Vietnam, they are subject to special rules. For more information visit: <https://www.gov.uk/shipping-dangerous-goods/what-are-dangerous-goods>.

You can employ a local agent who will have knowledge of the latest import licensing requirements. For information and assistance contact the Department for International Trade (DIT) team in Vietnam at: <https://www.gov.uk/world/organisations/department-for-international-trade-vietnam#contact-us>.

Terms of delivery You should have a clear written contract in all international commercial transactions, to minimise any risk of misunderstanding.

Incoterms are a series of widely-used commercial terms for international trade in goods, which clarify for example:

- where the goods will be delivered
- who arranges transport
- who handles customs procedures
- who is responsible for insuring the goods, and who pays for insurance
- who pays any duties and taxes

Incoterms do not apply to the delivery of services. Contracts for the international delivery of services should include a Service Level Agreement (SLA), focusing on desired outcomes such as what the service should achieve.

International trade rules changed in September 2019, so you should check with the International Chamber of Commerce (ICC), which publishes Incoterm rules, at: <https://iccwbo.org/resources-for-business/incoterms-rules>, for details of the new rules, and also with the UK Government for further general advice and details about current Incoterms at: <https://www.gov.uk/guidance/international-trade-paperwork-the-basics#international-trade-contracts-and-incoterms>.

UK Export Finance The UK Government can provide finance or credit insurance specifically to support UK exports through UK Export Finance (UKEF) – the UK's export credit agency.
See: <https://www.gov.uk/government/organisations/uk-export-finance>.

For up-to-date country-specific information on the support available see UKEF's cover policy and indicators for Vietnam at: <https://www.gov.uk/guidance/country-cover-policy-and-indicators#vietnam>.

[Source – Royal Mail, VNPT, DIT, UKEF, gov.uk]

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Airline



Recruitment/IT Services



Business Association



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Contact IMA
International Market Advisor
IMA House
41A Spring Gardens
Buxton
Derbyshire
SK17 6BJ
United Kingdom
Email: info@ima.uk.com
General enquiries switchboard: +44 (0) 1298 79562

Website: www.DoingBusinessGuide.co.uk