

The 08 Compliance Procedures Expats Working In Vietnam

What You Shall Keep In Mind



THE 08 COMPLIANCE PROCEDURES EXPATS WORKING IN VIETNAM WHAT YOU SHALL KEEP IN MIND

Foreign employees shall properly comply with the local laws and regulations to avoid and prevent the risks in advance:

- 1 - VISA
- 2 - WORK PERMIT (WP)
- 3 - TEMPORARY RESIDENCE CARD (TRC)
- 4 - PERMANENT RESIDENCE CARD (PRC)
- 5 - MANAGEMENT OF PAYROLL AND EMPLOYMENT RELATIONS
- 6 - PERSONAL INCOME TAX
- 7 - COMPULSORY INSURANCEs
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Expats in Vietnam may enjoy many incentives regarding tax, visa and administrative procedures. However, foreign employees shall also comply with the local laws and regulations to avoid and prevent the risks in advance.

THE COMPLIANCE PROCEDURES FOR EXPATS IN VIETNAM

1 - VISA

Visa means a document issued by a competent authority of Vietnam to a foreigner to grant entry into Vietnam. A visa may be once or multiple times entry, and its purpose must not be changed. Visa shall be issued and attached to passport, issued separately or issued via electronic transaction, or issued according to lists provided by immigration authorities.

In Vietnam, there are many [types of entry visas](#) with different symbols and time limits. The 05 most popular visa symbols and time limits are:

- **Symbol ĐT:** has time limits of visa from 12 months and does not exceed 10 years – Issued to foreign investors in Vietnam.
- **Symbol LĐ:** has time limits of visa does not exceed 2 years – Issued to people who come to work.
- **Symbol DN:** has time limits of visa does not exceed 12 months – Issued to people who come to work with companies in Vietnam.

- **Symbol TT:** has time limits of visa does not exceed 12 months – Issued to foreigners who are parents, spouses, children under 18 years of age of the foreigners issued the above visas.
- **Symbol DL:** Issued to tourists.

The following situations exempt the foreigner from needing a visa:

- Vietnam allows citizens from up to 24 countries to receive visa exemptions in the conditional periods of time, with most of the countries being members of ASEAN.
- Vietnamese residing overseas and foreigners who are spouses and children of Vietnamese residing abroad, holding foreign passports with Vietnam visa exemption papers. Each entry is allowed to stay for 6 months. The visa exemption is valid for a maximum of 5 years and 6-months prior to the valid duration of the passport.

Note: The expatriates need to pay attention to their stay in Vietnam, they must adhere to the entry purposes in the visa, avoid related risks that might happen. Depending on the purpose of entry and the applicant's application, the validity of the visa might be different.

2 - WORK PERMIT (WP)

There are regulations on the issuance of [work permits for expats in Vietnam](#) and cases of expulsion of foreign workers who are working in Vietnam without the work permits.

Who can apply?

Employees who are foreign citizens moving to Vietnam for employment for the purpose of:

- Offering services.
- Providing services under contracts.
- Taking charge of establishing the commercial presence.
- Executing the labor contracts or Internal reassignments.
- Enforcing contracts or agreements related to business, commerce.
- Working as managers, chief executive officers, experts, technicians.
- Participating in the execution of bid contracts and projects in Vietnam.
- Working for foreign non-governmental organizations or international organizations in Vietnam.

What are the conditions for issuing a work permit in Vietnam?

- The employees are managers, chief executive officers, experts, or technicians.
- The employment of the foreign worker is approved in writing by a competent state authority.
- The worker's health is fit for working and the worker is not a criminal or liable to criminal prosecution in accordance with the Vietnam law and the foreign country's law.

3 - TEMPORARY RESIDENCE CARD (TRC)

A temporary residence card is a multiple visa valid from 2 to 5 years for expats who want to reside for a definite period in Vietnam. However, depending on each case [the temporary residence card](#) can be issued for a different period and also require different documents.

Temporary residence card is granted for:

- A foreigner who is a member of the board directors of the stock corporation.
- A foreigner who is a member of the two members limited liability company or more.
- Relatives of the temporary residence cardholder include parents, spouses, and children.
- A foreign lawyer who is licensed to practice following Vietnam law by the Vietnam Ministry of Justice.
- A foreigner who is granted a working permit in all kinds of businesses or representative offices of foreign companies.
- A foreigner who is the owner of the one-member limited liability company.
- Professionals, students, trainees who are in the national working or studying programs which are signed between the ministries, and were approved by the Government.

The validity of the temporary residence card:

- Expired temporary residence cards will be considered for the issuance of a new card.
- The duration of temporary residence cards is at least 01 month shorter than the duration of the passport.
- Temporary residence cards with the code LĐ, PV1 have a term of no more than 02 years.
- Temporary residence cards with the code NN1, NN2, TT have not more than 03 years.
- Temporary residence cards with the code NG3, LV1, LV2, ĐT, and DH have a term of no more than 10 years.

4 - PERMANENT RESIDENCE CARD (PRC)

A permanent residence card (PRC) is a paper granted by immigration authorities to foreigners who are allowed to permanently reside in Vietnam and have validity longer than a visa. Conditions and dossiers for the application of [permanent residence cards](#) for expats in Vietnam are flexible depending on each case.

Conditions for permanent residence card application

- Foreigners who are legal residents.
- Foreigners who have stable incomes ensure their livings in Vietnam.
- Foreigners who have resided in Vietnam for 3 years or more.
- Foreigners who are sponsored by their parents, spouses or children who are Vietnamese citizens permanently residing in Vietnam.

5 - MANAGEMENT OF PAYROLL AND EMPLOYMENT RELATIONS

We manage the labor relations which are basically required by local laws and regulations:

- Relations between employees and the company in signing and implementation of labor contracts.
- Relations between the company with Insurances and Labor agencies in reporting and payments.
- Relations between the company with the Tax Department in reporting, payments and annual settlement.

Some typical procedures:

- Employee profiles.
- Performance of labor contracts.
- Modification, supplementation and termination of labor contracts.
- Wages: minimum wage, formulation of wage scales, forms of wage payment, wage payment period, allowances, subsidies, wage raise and other incentives, bonuses...
- [Payroll management](#) and procedures.
- Working time and rest time.
- Labor discipline and material responsibilities.
- Compulsory social insurance – Trade unions – Personal income tax.
- Update and apply for new regulations from the authorities.

6- PERSONAL INCOME TAX

Who should directly declare and do annual tax settlement to the tax authority?

In Vietnam, the deadline for submitting annual tax finalization documents is the last day of the 3rd month from the end of the calendar year or fiscal year.

1. Expat who works under a contract for more than 3 months in one place and has income in another place, with an average monthly income of over 10 million/year even though 10% has been deducted.
2. Resident individuals who have income from salaries and wages paid by organizations and individuals from abroad.
3. Resident individuals who have income from salaries and wages paid by international organizations, embassies, and consulates in Vietnam but have not yet made tax deductions and must declare taxes directly to tax authorities according to precious.

Global tax incomes from wages and remunerations of expats who are residents in Vietnam?

Upon resident or non-resident status in Vietnam in a calendar year, an expat should declare and settle PIT for incomes earned inside Vietnam or globally. Taxable amount/tax rates for residents and non - resident are completely different:

1. In case an expat is resident in Vietnam, he or she shall declare global incomes and pay personal income with progressive tax rates from 5% to 35%
2. In case an expat is non-resident in Vietnam, he or she just pays 20% personal income tax for what they earned in Vietnam.
3. To avoid special inspection on global incomes in Vietnam and any income from countries that have a tax agreement with Vietnam, the foreign experts working in Vietnam shall declare the reasonable global incomes. These must be fair with the position, working history, GDP of expat's nation, reputation and actual business result of the employer ...

Other tax incomes of investors – managers – experts in Vietnam?

- Tax on capital transfer.
- Tax on capital investment.
- Tax on real estate transfer.
- Tax on winning prizes.
- Tax on copyright.
- Tax on franchising.
- Tax on inheritance.
- Tax on receipt of gifts.

7- COMPULSORY INSURANCES

The foreigners who are required to participate in the compulsory insurances

1. Employees who are foreign nationals working in Vietnam shall be required to participate in [the compulsory social insurances](#) program if they obtain work permits, practice certificates, practice licenses issued in Vietnam, indefinite-term employment contracts, or employment contracts valid for at least one year with employers in Vietnam.
2. The foreign employees referred above shall be excluded from participation in the compulsory social insurance as provided herein if:
 - They are intra-company transferees as stipulated in the Labor Code regarding foreign employees working in Vietnam.
 - They reach retirement age under the Labor Code.

What are the compulsory insurance rates?

Total compulsory social insurance contribution rates are 30%, consisting of:

1. **The employee side** shall, on a monthly basis, make a total SI contribution accounting for 9,5% of monthly pay (8% into the retirement and death benefit fund and 1,5% into the sickness and parental insurance benefit fund)
2. **The employer side** shall, on a monthly basis, make a SI contribution accounting for 20,5% in proportion to the employee's payroll in the SI payment month (14% into the retirement and death insurance benefit fund, 3% into the sickness and parental insurance benefit fund, 0.5% of into the occupational accident and disease benefit fund, 3% into the health medical fund). *The employees are entitled to apply a 0% contribution rate to the labour accident and occupational disease fund from July 1st, 2021 to June 30th, 2022, reducing contributions by 0.5% during this period.*

The employer shall not be required to pay SI contributions for their employees if the employees neither work nor receive salaries or wages for a period of at least 14 working days in each month, they shall not be bound to pay the SI contribution in that month.

***Standard calculation sheet for social insurances contribution:**

Description	Employer				
Type of Insurance	Social Insurance			Health Insurance	Unemployment Insurance
Fund	Retirement	Sick/Maternity	Occupational		
% Contribution	14%	3%	0.5%	3%	0%
TOTAL	17.5%				
	20.5%				

Description	Employee				
Type of Insurance	Social Insurance			Health Insurance	Unemployment Insurance
Fund	Retirement	Sick/Maternity	Occupational		
% Contribution	8%	0%	0%	1.5%	0%
TOTAL	8%				
	9.5%				

One-off Social Insurance refund for Foreign Employees in Vietnam

Employees who are foreign nationals working in Vietnam shall be required to participate in the compulsory Social Insurance and if those employees wish to receive the one-off payment, he/she shall be entitled to the one-off benefit entitlement provided that:

1. He/she reaches the retirement pension entitlement requirements age, but has not yet reached the period of 20 years of SI contribution.

2. He/she is currently suffering from one of the deadly diseases regulated by the Ministry of Health.
3. He/she has fully satisfied retirement pension entitlement requirements but has discontinued residing in Vietnam; His/her employment contract is terminated, or his/her labor permit, practicing certificate or practicing license expires without being permitted for renewal.

8 - OTHER LOCAL ADMINISTRATION PROCEDURES

Our secretarial services offer you more convenience and efficiency in working and doing business in Vietnam

- Open bank accounts for payment, saving, direct or in-direct investment.
- Private banking services: Manage required papers and procedures for every transaction as per local laws. Overseas remittance and loans.
- Direct investment in Vietnam.
- In-direct investment in Vietnam.
- Buy, rent and purchase housing
- Manage contracts and representative for the deals. Legalized and notarized translations of overseas papers
- Exclusive counsel for the Chief of the representative office and Legal representatives of a business entity.

VIVA stands for your “**zero incident and optimal compliance**” with local business procedures. We are always ready with expertises and resources, just contact us should you have any queries or question about the compliance procedures for expat in Vietnam.

ABOUT VIVA BUSINESS CONSULTING

[VIVA Business Consulting](#) is the local expertise for local business compliance procedures, has been trusted by thousands of foreign investors, multinational companies from Europe, Japan, Singapore, India, Korea, USA... for the required business compliance procedures by local laws and regulations since 2006.

Thanks for consistent of practice expertise in Business laws - Employment relations – Tax and accounting – Corporate finance – Corporate services, VIVA has been successfully providing service for thousands of leading companies in such industries: Garment, energy, pharma, advertising, agricultural...

VIVA keeps its signature by offering one-stop business platform with regard to market entry and the mandatory business compliances. We ensure for our client’s good standing, in lawful and optimal manners whenever they are working and doing business in Vietnam.

Thanks to a unique combination of local expertise and global experiences, VIVA BUSINESS CONSULTING is the one-stop solution for the required compliance procedures in Vietnam for foreign investors and experts. We

are still here since 2006s because of our thousands of satisfied clients and our employees. Our staying power is a testament to the professional resources, and so much more.