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VIET NAM BUSINESS UPDATE

December 2024

SNAPSHOT OF MACRO ECONOMY

Vietnam's Economic Milestones in 2024

Vietnam's economy showcased impressive resilience and growth in 2024, driven by robust GDP expansion, strong trade performance, significant foreign direct investment (FDI), a thriving manufacturing sector, infrastructure development, and a dynamic labour market. Vietnam's GDP growth exceeded expectations in 2024, with the Asian Development Bank (ADB) projecting a growth rate of 6.4%, driven by a resurgence in export-led manufacturing and ongoing fiscal stimulus measures. This growth reflects the country's ability to navigate global economic challenges and capitalize on its strengths.

Trade

As of early December, Vietnam's import – export turnover reached a record of nearly US\$800 billion with exports reached total to US\$369.9 billion, a 14.4% increase compared to 2023. This growth was driven by double-digit gains in exports of computers, electrical products and their components, telephones, mobile phones and parts, as well as machinery, equipment, tools, and instruments. Especially, exporting to key markets, including the US and European, saw significant increases.

Foreign Direct Investment (FDI)

FDI remained a cornerstone of Vietnam's economic growth. The country attracted \$31.38 billion in FDI over the first 11 months of 2024, a 1% increase compared to the same period last year. This investment spanned various sectors, including manufacturing, high-tech solutions, and renewable energy, underscoring Vietnam's appeal as a destination for foreign investors.

Infrastructure Development

Infrastructure development played a crucial role in supporting Vietnam's economic growth. Significant investments were made in transportation, energy, and urban development projects. These improvements not only enhanced connectivity and efficiency but also attracted further investments and facilitated trade.

Labour Market

The labour market showed signs of recovery, with employment growth stabilizing after a challenging period. Wage growth and labour productivity also saw positive trends, contributing to increased consumer spending and economic stability.



FOCUS:

A look back at ups and downs of the Vietnam economy in 2024

Vietnam has also experienced a lot of ups and downs given its open economy and integration to the world.

[Read More.](#)

Viet Nam - The Potential Market

The potential of Vietnam's supporting industry

Vietnamese firms in the supporting industry have been manufacturing high quality components and parts not only for domestic businesses, but also companies around the world. With an abundance of young and skilled workers and favourable policies from the government, more and more local companies are able to satisfy strict requirements and export to demanding markets such as Japan and the US. [Read more.](#)



International Economic Activities



Vietnamese Government, US chip giant NVIDIA sign cooperation agreement

Prime Minister Pham Minh Chinh and President and CEO of NVIDIA Jensen Huang witnessed the signing of a cooperation agreement on the establishment of an artificial intelligence (AI) research and development center and an AI data center in Vietnam. [Read more.](#)



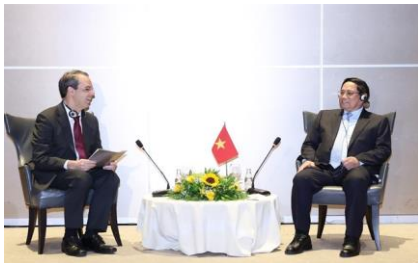
PM pushes for stronger Vietnam-UAE economic ties at business roundtable

Prime Minister Pham Minh Chinh attended the Vietnam- United Arab Emirates (UAE) business roundtable in Dubai on October 28 (local time) where the focus was on digital transformation, green transition, innovation, and creativity. [Read more.](#)



State President Luong Cuong attends APEC CEO Summit 2024

Addressing the summit, the President stresses that Vietnam's vigorous growth will unlock new opportunities for both domestic and international enterprises across a diverse range of sectors, including commerce, industry, agriculture, tourism, infrastructure, logistics, and high-tech industries. [Read more.](#)



PM receives leaders of major enterprises in Brazil

Prime Minister Pham Minh Chinh had talks with executives of Brazil's aerospace company Embraer, meat producer JBS, Oceanside One Trading, and smart card solution supplier Alterosa. [Read more.](#)



Viet Nam International Defence Expo 2024 impresses foreign guests

The Viet Nam International Defence Expo 2024, at Gia Lam Airport in Ha Noi, has left a lasting impression on defence officials and ambassadors from various countries. [Read more.](#)



Opportunities to Expand Vietnam-US Semiconductor Cooperation

Prime Minister Pham Minh Chinh called on leading US semiconductor firms to invest in semiconductors, artificial intelligence (AI) and cloud computing in the spirit of "harmonized benefits and shared risks." [Read more.](#)

BUSINESS REGULATION UPDATES

New regulation

The new Law on Value Added Tax No. 48/2024/QH15

On 26 November 2024, the National Assembly officially approved the new Law on Value Added Tax ("VAT") No. 48/2024/QH15, which will officially take effect from 01 July 2025, except for the case of regulations on the turnover of non-taxable business households and individuals, which will take effect from 01 January 2026. The new law on VAT amends and supplements certain articles of the Law on VAT No. 13/2008/QH12.

Notable points of the Law include:

- Supplements of VAT regulations on e-commerce business ("e-commerce") and digital platforms (Article 4 & Article 9);
- Amendment and supplement to conditions for input VAT deduction (Article 14);
- Provided obligations on additional declaration of input VAT when errors are detected (Article 14);
- Amendment and supplement to the time of VAT determination (Article 8);
- Increase of the VAT exemption threshold for business households and individuals (Article 5 and Article 17);
- Changes in VAT rates applied for specific goods and services (Article 9);
- Supplemented reference to specialized regulations to determine VAT obligations (Article 5);
- Amendments to provisions on exported goods and services applying 0% VAT (Article 9);
- Amendments to regulations on cases of VAT refund (Article 15);
- Legalization of prohibited acts in VAT deduction and refund (Article 13).

The key amendments are expected to have substantial impacts on business activities in the coming period. With the visible impacts of the new VAT Law, the business community is recommended to consult tax experts for impact assessment and analysis of the new regulations to each specific enterprise, for compliance and effective business/tax strategies.

The Law No. 56/2024/QH15 amending and supplementing some articles of the nine laws

On 29 November 2024, the National Assembly approved the Law No. 56/2024/QH15 amending and supplementing a number of articles of Securities Law, Accounting Law, Law on Independent Audit, Law on State Budget, Law on Management and Use of Public Assets, Law on Tax Administration, Law on Personal Income Tax, Law on National Reserve and Law on Handling Administrative Violations.

Below are the notable amendments and supplements regarding tax and accounting:

- Abolish a mandatory content on accounting documents;
- Accounting documents must only be translated into Vietnamese when requested by state agencies;
- Modify regulations on accounting periods;
- Supplement a confirmation method of electronic documents in addition to electronic signatures;
- Foreign e-commerce platforms must register and declare taxes in Vietnam;
- E-commerce platforms must pay taxes on behalf of business households and individuals;
- Not allowed to make additional tax declarations when there is a decision on tax inspection or tax audit;
- Adjust the method of determining the time to calculate late tax payment interest;
- Remove the regulation on paying interest to taxpayers when tax refunds are delayed;
- Add authority of making decision on tax refunds.

Decree amending Decree No. 81/2018/ND-CP detailing the Law on Commerce on trade promotion activities

On 10 October 2024, the Government issued Decree No. 128/2024/ND-CP (“Decree 128”) amending and supplementing a number of articles of Decree No. 81/2018/ND-CP (“Decree 81”) detailing the Law on Commerce on trade promotion activities, effective from 01 December 2024.

Key amendments of Decree 128 are summarized as follows:

- Additional cases that do not require enterprises to notify promotional activities;
- Abolishing the regulation limiting the time period for implementing concentrated promotional programs;
- Update on the methods to notify/register for promotional activities online;
- Supplement, replace and abolish forms and application dossier.

One of the key highlights of the new Decree is the continued simplification of administrative procedures and the facilitation of notifying promotional programs, especially those frequently applied by businesses. This not only helps companies save resources but also allows for the flexible and timely implementation of promotional activities. Additionally, from the perspective of VAT and CIT, the new Decree brings substantial benefits, enhancing efficiency in applying tax policies to promotional activities.

Regulations regarding self-produced and self-consumed rooftop solar power

On 22 October 2024, the Government officially issued Decree No. 135/2024/ND-CP stipulating the mechanism and policies to encourage the development of self-produced and self-consumed rooftop solar power (“RSP”), specifically solar power installed on the roofs of construction projects including housing, offices, industrial parks, industrial clusters, export processing zones, high-tech zones, economic zones, production facilities, business establishments are invested and built in accordance with the provisions of law.

Important incentives policies are as below:

- Organizations and individuals installing RSP are exempted from electricity operation licenses and have no installed capacity limits in certain cases (i.e., not connected to the national grid or with an anti-backflow device system into national grid, households and individual houses developing self-produced and self-consumed RSP with a capacity of below 100 kW).
- Organizations and individuals installing self-produced and self-consumed RSP with an installed capacity of 1,000 kW or more and selling surplus electricity to the national grid shall carry out the procedures on power planning and request a power operation license as prescribed by law.
- Administrative procedures for self-produced and self-consumed RSP are simplified as per specialized laws.
- Construction projects with self-produced and self-consumed RSP installed are exempted from having to adjust or supplement energy land and functions as prescribed by law.
- Self-produced and self-consumed RSP of households, individual houses, offices, and public buildings are determined as public assets and technological equipment attached to the construction works.
- Households and individual houses developing self-produced and self-consumed RSP are exempted from or do not need to adjust their business licenses.
- Organizations and individuals are encouraged to self-decide the installation of a battery storage system (BESS) to ensure the safe and stable operation of the power system.
- Self-produced and self-consumed RSP connected to the national grid within the planned capacity, and those connected to the national grid of households and individual houses with a capacity of less than 100 kW that is not fully consumed, shall be allowed to sell to the national grid but not exceeding 20% of the actual installed capacity.
- Self-produced and self-consumed RSP are entitled to enjoy tax incentives as prescribed by prevailing tax laws.

New regulation (cont.)

Regulations on foreign cooperation and investment in education

On 05 October 2024, the Government officially issued the Decree No. 124/2024/ND-CP (“Decree 124”) taking effect from 20 November 2024 on amendments to Decree No. 86/2018/ND-CP dated 06 June 2018 of the Government on foreign cooperation and investment in education (“Decree 86”).

Below are the notable amendments and supplements:

- Supplementing the form of foreign branch campus of a foreign university in Vietnam (“FBC”);
- Supplementing the conditions on initial capital contribution and commitment on the duration of capital contribution for certain type of foreign-invested educational institution;
- Amending and supplementing subjects of educational association;
- Stricter conditions for organizing the foreign language exams;
- More detailed regulations on conditions for application of foreign educational programs at preschool and general education institutions teaching foreign educational programs for Vietnamese students;
- Updating on reporting regime.

Tax update

Guidance on coordination, awareness, and dissemination in relation to Personal Income Tax (“PIT”) refund process

On 18 October 2024, the Tax Department of Large Enterprises issued the Official Letter No. 1345/CT-QLT2 regarding PIT refund process and directives for income-paying organizations to ensure the rights and benefits of taxpayers as follows:

- **Promoting electronic tax accounts:** Encourage employees to register and use electronic transaction accounts with the Tax authority to facilitate PIT finalization and refunds. Collaborate with the Tax Department of Large Enterprises to assist employees in installing and using the Etax Mobile application.
- **Timely resolution of taxpayer concerns:** Organizations should collect and consolidate employees’ issues encountered during the PIT finalization and refund process. Submit these concerns to the Tax authority to ensure timely guidance. Any challenges related to PIT finalization, exemptions, or refunds should be escalated through the organization’s designated contact point for resolution by the Tax Department of Large Enterprises.
- **Reporting impersonation incidents:** If taxpayers detect impersonation attempts or receive suspicious information, they should promptly report this to the Tax authority or their income-paying organization. This ensures timely inspection, verification, and actions to prevent potential losses.
- **Avoiding fraudulent applications:** Taxpayers must avoid downloading or installing applications from unofficial sources. Be vigilant for signs of fraudulent applications, such as frequent requests for permissions to view screens, input data, or control devices during the installation process.

Employment expenses for expatriates working in Vietnam under an assignment letter

Official Letter No. 25781/CTBDU-TTHT dated 23 September 2024 issued by the Binh Duong Province Tax Department indicated that if an expatriate’s assignment letter specifies the agreement between the employee and the company regarding their respective rights and obligations as the employment relationship during the assignment period in Vietnam, and the assignment complies with regulations, then the salary and other related employment expenses paid by the company are deductible for CIT purposes. This is conditional on having a valid labor contract and meeting the criteria outlined in Article 4 of Circular No. 96/2015/TT-BTC.

Tax update (cont.)

Depreciation expenses of fixed assets on leased land without a construction permit

Official Letter No. 4781/TCT-CS dated 24 October 2024 issued by the General Department of Taxation indicated that fixed assets established on leased land for construction purposes that lack a valid construction permit (and are not exempt from the permit requirements under the 2014 Law on Construction), and the ownership certificate, for assets attached to the land issued by a competent authority are:

- Ineligible for input Value-Added Tax (“VAT”) deduction, and
- Not deductible for CIT purposes through depreciation

Customs update

Import duties refund for goods imported under import rights of an export processing enterprise (“EPE”) and then re-exported

On 26 September 2024, the General Department of Customs issued official letter No. 4610/TCHQ-TXNK to provide guidance on import duty refunds for goods imported under the import, export, and distribution rights of an EPE, which are then sold abroad or to another EPE, as follows:

- **For Import Duty:**

- If an EPE imports goods under its import rights but later re-exports the goods to a foreign country or a non-tariff zone (provided the goods have not been used, processed, or altered), the Customs authority may consider a refund of the import duty, and the goods will not be subject to export duty.
- The procedures and documentation required for the import duty refund are governed by Article 34 of Decree No. 134/2016/ND-CP.

- **For VAT:**

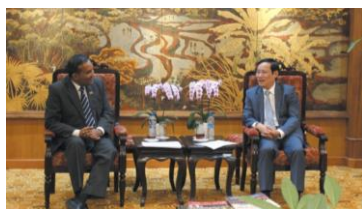
- If the company imports goods under its import rights, pays the applicable import VAT in full, and then re-exports the goods to return them to the original foreign owner, any overpaid VAT will be handled following the instructions in Official Letter No. 1453/TCHQ-TXNK dated 14 March 2019.
- If the goods are exported for sale to a foreign country or to a non-tariff zone under export rights, the company should contact the Tax authority for guidance on handling the previously paid VAT.

VCCI HIGHLIGHTED EVENTS



Enabling Businesses to Enter Green Era

The Vietnam Chamber of Commerce and Industry (VCCI), through the Vietnam Business Council for Sustainable Development (VBCSD-VCCI), recently hosted the Announcing Ceremony of Sustainable Companies 2024 themed "Enterprises Thriving in the Green Era." [Read more.](#)



Vietnam, Sri Lanka Aim to Strengthen Ties in Key Sectors

On November 29, 2024, Pham Tan Cong, President of the Vietnam Chamber of Commerce and Industry (VCCI), met with Sri Lankan Ambassador Poshitha Perera to discuss strengthening economic and trade ties, particularly in agriculture, textiles, tourism and technology. [Read more.](#)



Strong Potential for Vietnam and Poland Agriculture Cooperation

During a meeting on November 28 with Mr. Nguyen Quang Vinh, Vice President of the Vietnam Chamber of Commerce and Industry (VCCI), Polish Deputy Minister of Agriculture and Rural Development Jacek Czerniak emphasized Poland's focus on sustainable agriculture, food security, and the adoption of advanced digital technologies. [Read more.](#)

VCCI HIGHLIGHTED EVENTS



Conference: Introducing the Vietnam-Israel Free Trade Agreement (VIFTA)

On December 11, in Hanoi, the Conference introducing the Vietnam-Israel Free Trade Agreement (VIFTA) took place.

The Conference was organized by the Embassy of Israel in Hanoi and the Economic and Trade Mission of Israel in Vietnam, in collaboration with the Ministry of Industry and Trade, and supported by the Vietnam Chamber of Commerce and Industry (VCCI). [Read more.](#)



Answering many questions from businesses at dialogue conference on tax and customs policies

Many opinions and numerous recommendations related to tax and customs issues were raised by the business community at the dialogue on tax and customs policies and administrative procedures in 2024, organized by the Ministry of Finance and VCCI. [Read more.](#)



Argentina Pledges Support for Vietnam's Development

Argentine Ambassador to Vietnam Marcos A. Bednarski reaffirmed Argentina's support for Vietnam's economic growth during a meeting with Tran Ngoc Liem, Director of Ho Chi Minh City Branch of the Vietnam Chamber of Commerce and Industry (VCCI-HCM). The visit aimed at strengthening trade and investment ties with Ho Chi Minh City and other key southern economic hubs. [Read more.](#)



Strengthening Role of Women Entrepreneurs in Dual Transformation Era

"By empowering more women to assume leadership roles in digital and green transformation, we can accelerate progress toward building a more equitable, inclusive and sustainable society where no one is left behind," said Ms. Pauline Tamesis, Resident Coordinator of the United Nations in Vietnam at the Vietnam Women Entrepreneurs Forum 2024. [Read more.](#)



The meeting between the heads of Vietnamese diplomatic missions abroad and the leaders of VCCI, as well as representatives from associations and enterprises

Economic diplomacy helps build connections between countries, opening opportunities for global trade, cooperation and sustainable business growth. [Read more.](#)

Upcoming events

New Year Meet-up 2025

Viet Nam Chamber of Commerce and Industry (VCCI), in partnership with the People Committee of Lao Cai Province will organize New Year Meet-up 2025 (tentatively held in Quarter 1.2025) with the attendance of Embassies, Foreign Organizations / Business Associations in Viet Nam.

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