

A World Bank Group Flagship Report



Doing Business 2018

Reforming to Create Jobs



Comparing Business Regulation
for Domestic Firms in **190** Economies

Economy Profile of Vietnam

Doing Business 2018 Indicators (in order of appearance in the document)

Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying taxes	Payments, time and total tax rate for a firm to comply with all tax regulations as well as post-filing processes
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Labor market regulation	Flexibility in employment regulation and aspects of job quality

About Doing Business

The Doing Business project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The Doing Business project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.

Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. Doing Business also measures features of labor market regulation. Although Doing Business does not present rankings of economies on the labor market regulation indicators or include the topic in the aggregate distance to frontier score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, Doing Business encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

In addition, Doing Business offers detailed [subnational reports](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These reports provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that Doing Business has ranked.

The first Doing Business report, published in 2003, covered 5 indicator sets and 133 economies. This year's report covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where Doing Business, also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

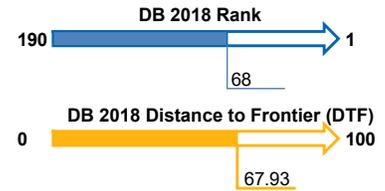
The distance to frontier (DTF) measure shows the distance of each economy to the "frontier," which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. The ease of doing business ranking ranges from 1 to 190. The ranking of 190 economies is determined by sorting the aggregate distance to frontier scores, rounded to two decimals.

More about [Doing Business](#) (PDF, 5MB)

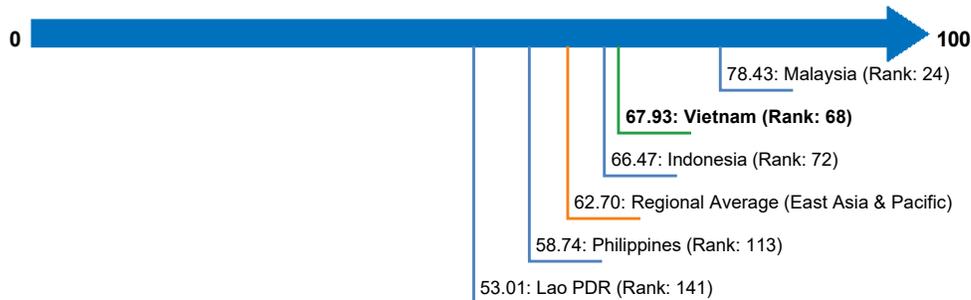
Ease of Doing Business in Vietnam



Region	East Asia & Pacific
Income Category	Lower middle income
Population	92,701,100
GNI Per Capita (US\$)	2,050
City Covered	Ho Chi Minh City

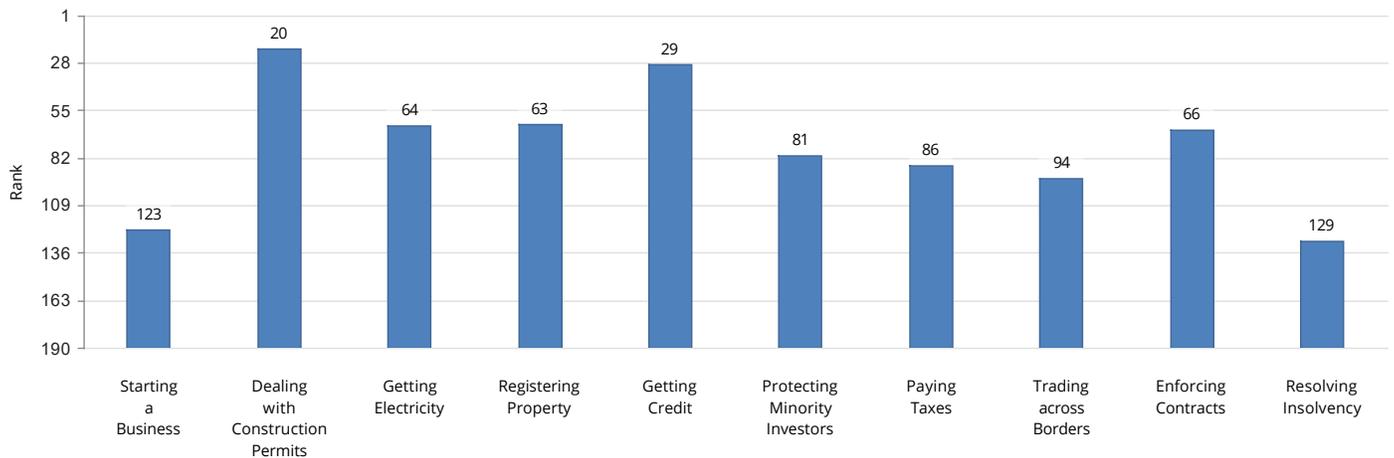


DB 2018 Distance to Frontier (DTF)



Note: The distance to frontier (DTF) measure shows the distance of each economy to the “frontier,” which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy’s distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. The ease of doing business ranking ranges from 1 to 190.

Rankings on Doing Business topics - Vietnam



Distance to Frontier (DTF) on Doing Business topics - Vietnam



Starting a Business

This topic measures the paid-in minimum capital requirement, number of procedures, time and cost for a small- to medium-sized limited liability company to start up and formally operate in economy's largest business city.

To make the data comparable across 190 economies, Doing Business uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The distance to frontier score for each indicator is the average of the scores obtained for each of the component indicators.

The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Procedures to legally start and operate a company (number)

- Pre-registration (for example, name verification or reservation, notarization)
- Registration in economy's largest business city
- Post-registration (for example, social security registration, company seal)
- Obtaining approval from spouse to start business or leave home to register company
- Obtaining any gender-specific permission that can impact company registration, company operations and process of getting national identity card

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day (2 procedures cannot start on the same day)
- Procedures fully completed online are recorded as ½ day
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- No professional fees unless services required by law or commonly used in practice

Paid-in minimum capital (% of income per capita)

- Funds deposited in a bank or with third party before registration or up to 3 months after incorporation

Case study assumptions

To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.

The business:

- Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.
- Operates in the economy's largest business city and the entire office space is approximately 929 square meters (10,000 square feet). For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically owned and has five owners, none of whom is a legal entity; and has a start-up capital of 10 times income per capita and has a turnover of at least 100 times income per capita.
- Performs general industrial or commercial activities, such as the production or sale of goods or services to the public. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It does not use heavily polluting production processes.
- Leases the commercial plant or offices and is not a proprietor of real estate and the amount of the annual lease for the office space is equivalent to 1 times income per capita.
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees one month after the commencement of operations, all of whom are domestic nationals.
- Has a company deed 10 pages long.

The owners:

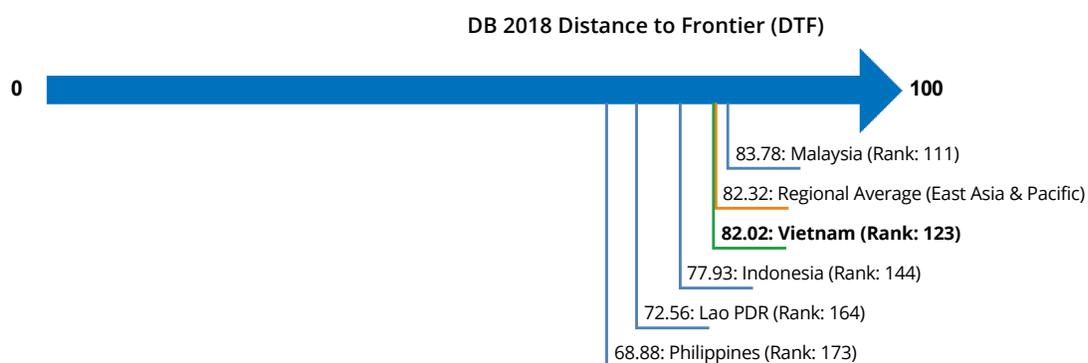
- Have reached the legal age of majority. If there is no legal age of majority, they are assumed to be 30 years old.
- Are sane, competent, in good health and have no criminal record.
- Are married and the marriage is monogamous and registered with the authorities.
- Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.

Standardized Company

Legal form	Cong ty trach nhiem huu han - Private Limited Liability Company
Paid-in minimum capital requirement	VND 0
City Covered	Ho Chi Minh City

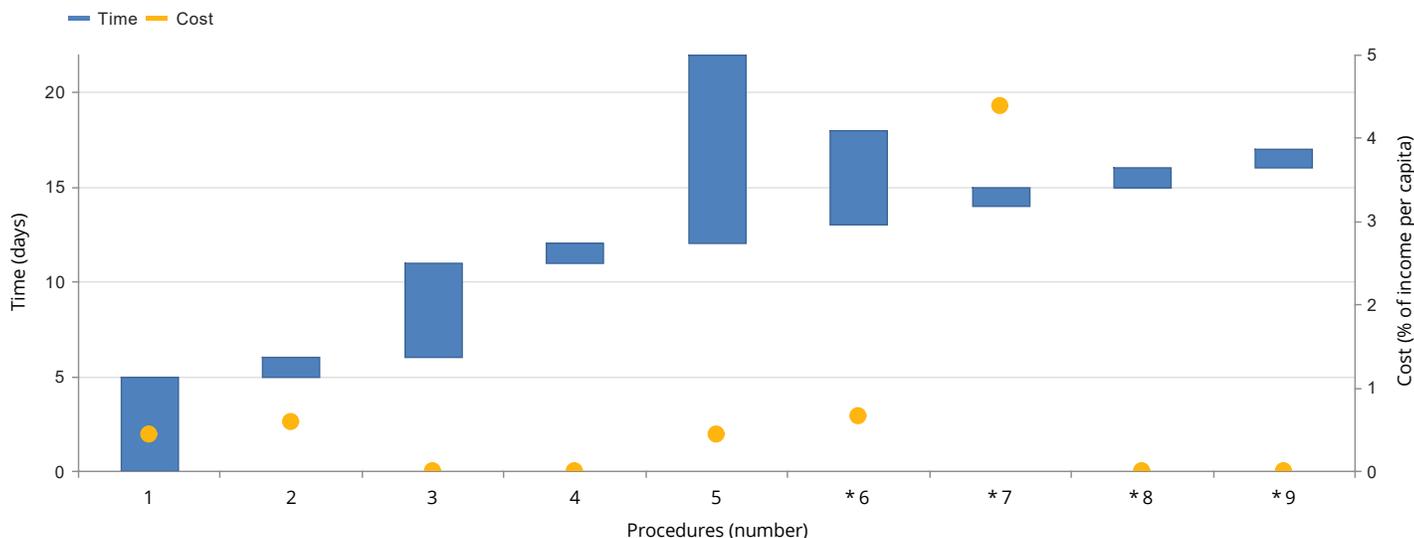
Indicator	Vietnam	East Asia & Pacific	OECD high income	Overall Best Performer
Procedure – Men (number)	9	7.0	4.9	1.00 (New Zealand)
Time – Men (days)	22	22.7	8.5	0.50 (New Zealand)
Cost – Men (% of income per capita)	6.5	18.4	3.1	0.00 (United Kingdom)
Procedure – Women (number)	9	7.0	4.9	1.00 (New Zealand)
Time – Women (days)	22	22.8	8.5	0.50 (New Zealand)
Cost – Women (% of income per capita)	6.5	18.4	3.1	0.00 (United Kingdom)
Paid-in min. capital (% of income per capita)	0.0	15.1	8.7	0.00 (113 Economies)

Figure – Starting a Business in Vietnam and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of starting a business is determined by sorting their distance to frontier scores for starting a business. These scores are the simple average of the distance to frontier scores for each of the component indicators.

Figure – Starting a Business in Vietnam – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Details – Starting a Business in Vietnam – Procedure, Time and Cost

No.	Procedure	Time to Complete	Associated Costs
1	<p>Check the proposed company name; obtain the Enterprise Registration Certificate from the local business registration office under the Department of Planning and Investment</p> <p>Agency : Business Registration Office, Department of Planning & Investment</p> <p>The applicant has to submit documents in accordance with Government Decree 78/2015/NĐ-CP on enterprise registration dated 14 September 2015. When the application file for enterprise registration fully satisfies the conditions for issuance of an enterprise registration certificate, information about that file shall be transferred to the database of the Department General of Taxation (Ministry of Finance). The Department General of Taxation is responsible, within two working days from the date of receipt of information from the national database of information, to create an enterprise code number and to transfer it to that national database in order for the provincial business registration office to issue it to the enterprise. Each enterprise is issued one unique enterprise code number. This code number is both the business registration code number and the tax code number of that enterprise.</p>	5 days	VND 200,000 (official fees)
2	<p>Make a company seal</p> <p>Agency : Sealmaker</p> <p>The company obtains a company seal from a seal maker. The company has the right to decide on the design, content and quantity of its seal and can have several seals with the same design and content. Prior to using the seal, the enterprise must send a notification to the Business Registration Office (Article 34 Decree 78/2015/ND-CP)</p>	1 day	VND 165,000 - VND 370,000 for bronze seal
3	<p>Registration of the seal-sample with the Business Registration Office</p> <p>Agency : Business Registration Office</p> <p>According to the Law on Enterprise: Article 44, every enterprise is entitled to decide the form, quantity, and contents of its seal.</p> <p>A seal must specify:</p> <ol style="list-style-type: none"> The enterprise's name; The enterprise's ID number. <p>Entrepreneurs must send the seal-sample to the Business Registration Office, thereafter the Business Registration Office will send a receipt to the enterprise and publish the seal-sample on the National Business Registration Portal. The enterprise may start using the seal upon receipt of the Publication Notice.</p>	5 days	no charge

4 Open a bank account

1 day

no charge

Agency : Bank

Each bank requires a different minimum deposit to open an account. For instance, whereas Vietcombank requires the fixed amount of VND 1 million for an account in VND and USD 300 for one in USD, Asian Commercial Bank requires VND 1 million for a VND account and US 100 for a USD account. To open the account, the bank requires a bank-issued application form, a copy of the notification on use of the seal with a confirmation stamp of the Business Registration Office, the Charter of the Company, the Enterprise Registration Certificate (ERC) and relevant documents as required by each bank.

5 Buy pre-printed VAT invoices from the Municipal Taxation Department or obtain and print self-printed VAT invoices10 days,
simultaneous with
previous procedureabout VND 200,000
per book

Agency : Municipal Taxation Department

All companies shall use their shelf-printed VAT invoices from 1 January 2011 according to Decree No. 51/2010/ND-CP ("Decree 51") dated May 14, 2010 and its guidelines (if any), therefore, the Company must contact with the publisher to order the print of its VAT Invoice Books for its demand and must implement the legal procedure on registration and circulation of shelf-printed VAT Invoices with the Municipal Taxation Department.

To register for self-printing of invoices, company founders must submit an application on a standard form, along with (a) a sample self-printed invoice, including all statutory details; (b) a map showing the location of the company's office or copy of the lease contract if the premises are leased, certified by the ward commune people's committee; (c) the general director's identification card; (d) a copy of the business registration certificate; and (e) and the tax registration certificate and copy.

According to Ministry of Finance Circular 64/2013/TT-BTC (May 15, 2013) which amending Ministry of Finance Circular 153/2010/TT-BTC (28 September 2010), a company can self-print the VAT invoices if it has incurred a total tax penalty amount of less than 50 million Vietnamese dong within 365 consecutive days before the first self-print.

The company shall prepare an announcement of self-issuance of invoice and send it to the relevant tax authority of where the company has its head office, within 10 business days from the date of signing the announcement and 5 business days at the latest before the date on which the invoice is in use, and the announcement must immediately be listed at all establishments using such invoice to sell goods and services during the entire period of such use (Article 11 of Decree 51 and Article 9.4 of Circular 153/2010/TT-BTC guiding the implementation of Decree 51).

In total, it may take about 10 days to get the printed VAT invoices and register them with the Municipal Taxation Department.

- ⇒ 6 **Publish the registration contents on the National Business Registration Portal (NBRP)** 5 days, VND 300,000
simultaneous with
previous procedure

Agency : Business Registration Office

According to Article 33, Law on Enterprises 2014 No. 68/2014/QH13, the enterprise must make an announcement on the National Business Registration Portal and pay the fee within 30 days after establishment registration. The announcement must include information on the Certificate of Business registration and information of business lines and a list of founding shareholders and any shareholders who are foreign investors.

The fee to publish the registration contents on the National Business Registration Portal is VND 300,000 according to Circular No.106/2013/TT-BTC of the Ministry of Finance dated on 10 November 2016.

- ⇒ 7 **Pay business license tax** 1 day, simultaneous VND 2,000,000
with previous (business license tax)
procedure

Agency : Tax office or commercial bank

The business license tax is paid to the tax authority where the enterprise registers its tax reports or through designated commercial banks. Such business license tax is paid annually and in the first month of a year (with regards to enterprises are operating) and in the month when the newly established enterprise obtains the tax code. The new company established during the first 6 months of the year shall pay the entire annual business license tax, if established during the last 6 months, then pay 50% of annual license tax.

According to Article 4 of Circular 302/2016/TT-BTC, the business license tax depends on the charter capital of the enterprise as follows:

- An enterprise with charter capital more than VND 10 billion: VND 3,000,000 per year;
- An enterprise with charter capital of VND 10 billion or less: VND 2,000,000 per year;
- Branches, representative offices, business locations, business units, other economic organizations: VND 1,000,000 per year.

- ⇒ 8 **Register with the local labor office to declare use of labor (Municipal Department for Labor, Invalids and Social Affairs).** 1 day, simultaneous no charge
with previous
procedure

Agency : Municipal Department for Labor

Within 30 days of starting operations, the employer must register all employees and their qualifications with the Labor Office (in conformity with set forms). The relationship between the employer and its employees are regulated by the Labor Code and set forth in labor contracts.

⇒ 9 Register employees with the Social Insurance Fund for the payment of health insurance and social insurance.

Agency : Social Insurance Fund

The company must register with the Social Insurance Fund all employees who have contracts for 3 months or longer. The employer must complete a form provided by the Hanoi Social Insurance and include the following information: the employee name and date of birth, salary (as stated in the labor contract), the social insurance book serial number (for employees already issued with those books), a certified copy of the company's business registration certificate, and a copy of each labor contract.

The Social Insurance Office must, within 30 days from the date of receipt of the application file, issue an insurance registration book for each new employee that was not issued such book by the previous employer. The employer is responsible for paying social and health insurance contributions for each employee. Since the health insurance merged with the social insurance funds, payment is made (monthly or quarterly) directly to the Social Insurance Fund. Health insurance certificates are issued during the first month of the year.

1 day, simultaneous with previous procedure no charge

♀ Applies to women only.

⇒ Takes place simultaneously with previous procedure.

Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in June 2017. [See the methodology for more information](#)

What the indicators measure

Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Submitting all required notifications and receiving all necessary inspections
- Obtaining utility connections for water and sewerage
- Registering and selling the warehouse after its completion

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of warehouse value)

- Official costs only, no bribes

Building quality control index (0-15)

- Sum of the scores of six component indices:
- Quality of building regulations (0-2)
- Quality control before construction (0-1)
- Quality control during construction (0-3)
- Quality control after construction (0-3)
- Liability and insurance regimes (0-2)
- Professional certifications (0-4)

Case study assumptions

To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.

The construction company (BuildCo):

- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.
- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.

The warehouse:

- Will be used for general storage activities, such as storage of books or stationery.
- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.
- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

The water and sewerage connections:

- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.
- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.

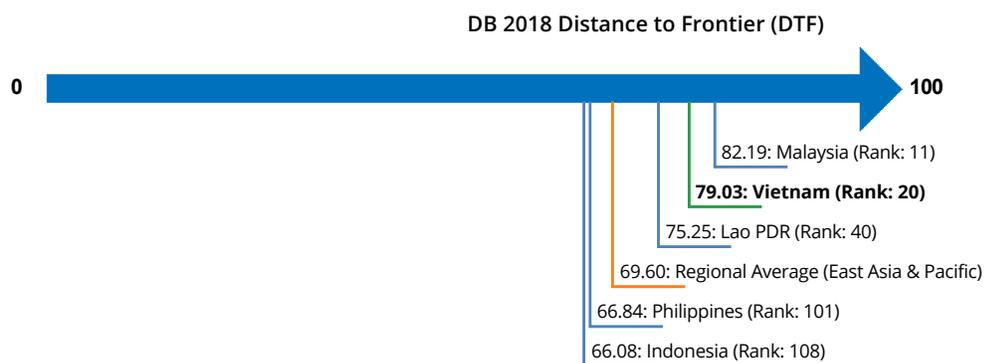
Standardized Warehouse

Estimated value of warehouse VND 2,282,250,038.20

City Covered Ho Chi Minh City

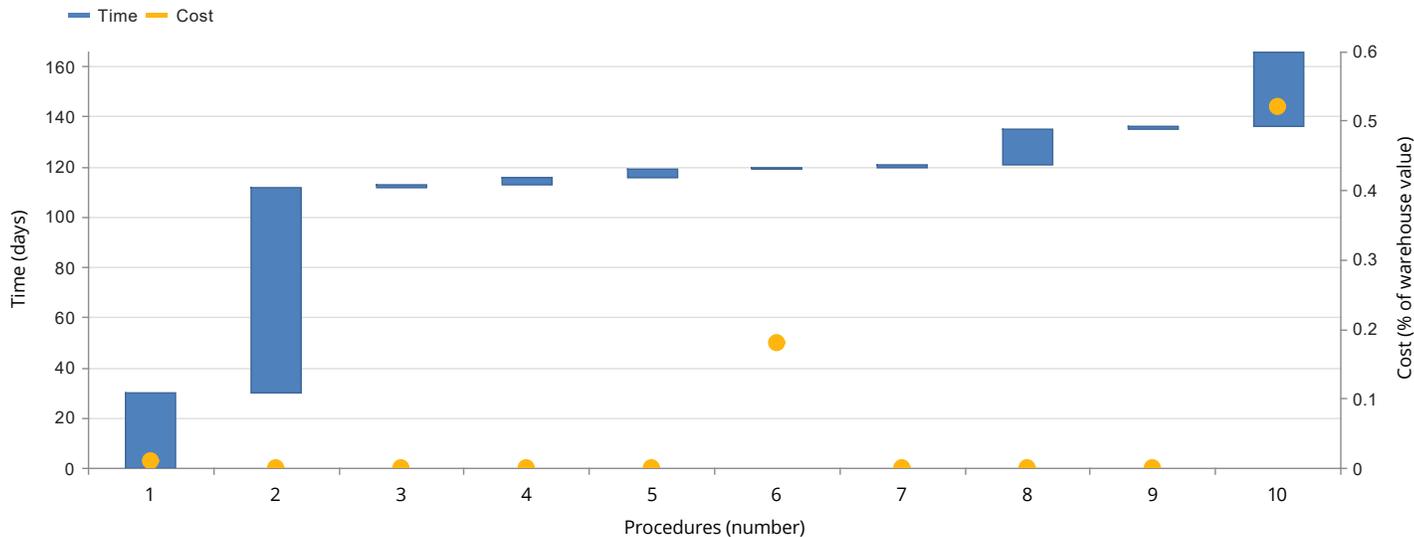
Indicator	Vietnam	East Asia & Pacific	OECD high income	Overall Best Performer
Procedures (number)	10	15.2	12.5	7.00 (Denmark)
Time (days)	166	138.2	154.6	27.5 (Korea, Rep.)
Cost (% of warehouse value)	0.7	2.2	1.6	0.10 (5 Economies)
Building quality control index (0-15)	12.0	8.9	11.4	15.00 (3 Economies)

Figure – Dealing with Construction Permits in Vietnam and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their distance to frontier scores for dealing with construction permits. These scores are the simple average of the distance to frontier scores for each of the component indicators.

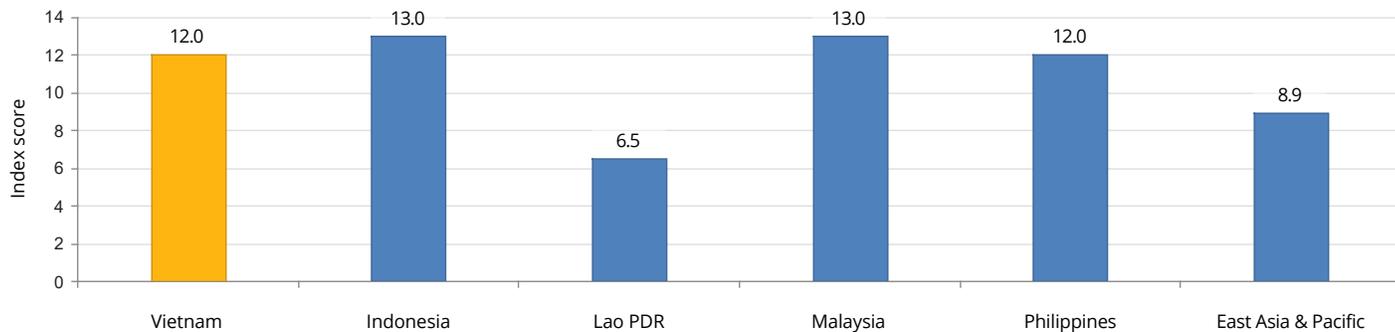
Figure – Dealing with Construction Permits in Vietnam – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Dealing with Construction Permits in Vietnam and comparator economies – Measure of Quality



Details – Dealing with Construction Permits in Vietnam – Procedure, Time and Cost

No.	Procedure	Time to Complete	Associated Costs
1	<p>Obtain the certification of the designs from the Police Department for Fire Fighting and Fire Prevention of Ho Chi Minh City</p> <p>Agency : Police Department for Fire Fighting and Fire Prevention of Ho Chi Minh City</p> <p>According to Decree 79/2014/ND-CP dated 31 July 2014 of the Government and Decree No. 46/2012/ND-CP dated 05/22/2012 of the Government on amending and supplementing some provisions of the government's Decree 79/2014/ND-CP dated 31 July 2014 implementing certain articles of the Law on Fire Prevention and Fire Fighting and the Government's Decree No. 130/2006/ND-CP dated 08/11/2006 on the compulsory fire and explosion insurance regime, all new commercial buildings must obtain a certification of their designs by the Police Department for Fire Fighting and Fire Prevention. The certification is required for the construction permit application. 258/2016/TT-BTC dated 10/3/2016 on rates, collection, payment, management and use of fees for appraisal of fire safety designs the applicable fee for this procedure is as follows: 0.00888%*warehouse value.</p>	30 days	VND 202,664

- | | | | |
|----------|--|---------|-------------|
| 2 | Request and obtain construction permit from the (District) Department of Construction of Ho Chi Minh City | 82 days | VND 100,000 |
|----------|--|---------|-------------|

Agency : Department of Construction of Ho Chi Minh City (Municipality)

The decision to grant a construction permit is made by the District People's Committee, at the provincial level, and the Construction Office. The following documents are required:

- a) Application for issuance of building permit (standard form)
- b) Notarized or certified copy of one of the papers on the land use right in accordance with the Law on Land. Land is national property in Vietnam. Only a business can be the holder of the land-use right. It is assumed that the BuildCo already holds the land-use certificate.
- c) Two sets of design drawings, each of which includes:
 - Drawing of the works position on the land lot with a scale of 1/100 - 1/500, together with the outline of works position;
 - Drawing of surface, main elevation and section of the works with a scale of 1/50 - 1/200;
 - Drawing of foundation with a scale of 1/100 - 1/200 and foundation section of 1/50, together with the connection diagram to the system of transportation infrastructure, water supply, wastewater and rainwater drainage, wastewater treatment, electricity supply, communications and other technical infrastructure related to the project with a scale of 1/50 - 1/200.

If deemed necessary, the Construction Office consults any of the following related offices:

- Office of the Chief Architect
- Office for Land Planning
- Office for Land Management
- Department of Culture
- Department of Health
- Department of Natural Resources and Environment
- Fire Protection Office
- Department of Public Traffic and Transportation
- Local National Defense Office

Under Law on Construction No. 50/2014/QH13 of the Government dated 18 June 2014, The Department of Construction has 30 working days from the date of receiving the completed file to issue or deny the construction permit. In practice, this time limit is seldom met. The application form can be obtained at the local department of construction. It is currently required for a construction company to go to the office and obtain the form. After obtaining a construction permit, within a time limit of 7 working days prior to the date of commencement of construction of the warehouse, BuildCo is required to provide written notification of the commencement date to the People's Committee at the district level where the warehouse is located (according to Article 106.2.c of the Law on Construction No. 50/2014/QH13, dated 18 June 2014).

- | | | | |
|----------|--|-------|-----------|
| 3 | Notify the Department of Construction about the commencement of construction and receive inspection | 1 day | no charge |
|----------|--|-------|-----------|

Agency : Department of Construction of Ho Chi Minh City (Municipality)

This inspection and the following ones are not stipulated by specific regulations. However, because the authority is mandated to supervise the construction, these do take place in practice.

<p>4 Request and receive inspection from the municipality after completion of foundation works</p> <p>Agency : Department of Construction of Ho Chi Minh City (Municipality)</p> <p>This inspection and the following ones are not stipulated by specific regulations. However, because the authority is mandated to supervise the construction, these do take place in practice.</p>	3 days	no charge
<p>5 Request and receive inspection from the municipality upon completion of building surroundings</p> <p>Agency : Department of Construction of Ho Chi Minh City (Municipality)</p> <p>This inspection and the following ones are not stipulated by specific regulations. However, because the authority is mandated to supervise the construction, these do take place in practice.</p>	3 days	no charge
<p>6 Request water and sewage connection</p> <p>Agency : Ho Chi Minh City Water Supply Company</p> <p>Different areas in Ho Chi Minh City are covered by different public water companies. Therefore, BuildCo is required to contact the relevant water company and submit the following documents:</p> <ul style="list-style-type: none"> • The application form (available at the water company) • A notarized copy of the business registration certificate of BuildCo • A certified copy of the land use right certificate or the construction permit <p>The costs of obtaining water/sewage connection depend on the usage capacity of the warehouse, as well as on its exact location in relation to the main water lines. The standard water meters cost approximately VND 1.5 million.</p>	1 day	VND 4,000,000
<p>7 Receive inspection by water company</p> <p>Agency : Ho Chi Minh City Water Supply Company</p>	1 day	no charge
<p>8 Connect to water and sewage services</p> <p>Agency : Ho Chi Minh City Water Supply Company</p>	14 days	no charge
<p>9 Notify and receive inspection from the municipality after completion of building</p> <p>Agency : Department of Construction of Ho Chi Minh City (Municipality)</p> <p>At the end of construction, the Department of Construction visits the site to confirm that the building was built according to the master plans, rules, and regulations. BuildCo must provide written notification of the completion of construction.</p>	1 day	no charge

10	Register the building at the Department of National Resources and Environment	30 days	VND 11,911,250
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Agency : Department of National Resources and Environment

According to Decision 52/2016/QĐ-UBND dated 10/12/2016 and Article 7 Decree 140/2016/ND-CP dated 10/10/2016, Article 4 Circular 301/2016/TT-BTC dated 15/4/2016, the cost for registering ownership of the warehouse should include an administrative fee of VND 350,000.00 and a registration fee of 0.5% of the warehouse value. For the registration fee, the value of the construction contract signed between BuildCo and the construction contractor will be taken as the warehouse value, provided that it is higher than the minimum value calculated by the Tax Department based on the minimum unit price as provided for by the People's Committee of Ho Chi Minh City.

The application file should be submitted to the Department of Natural Resources and Environment of Ho Chi Minh City. According to Article 61 of Decree 43/2014/ND-CP (dated 15 May 2014), providing details on the Law on Land, the time for issuance of the certificate of ownership of construction work shall not exceed 30 days. The work carried out by the Department of Construction includes the time for taking measurements or checking the measurements of the construction works, if any; reviewing the application file; submitting the file for approval and signature; and notifying the applicant to make payment of financial obligations (e.g., payment of the registration fee at Tax Department). Decree 88 also states that the applicant must pay all financial obligations within 60 working days from the date of receipt of the notification from the Department of Construction.

⇒ Takes place simultaneously with previous procedure.

Details – Dealing with Construction Permits in Vietnam – Measure of Quality

	Answer	Score
Building quality control index (0-15)		12.0
Quality of building regulations index (0-2)		2.0
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid; Required preapprovals.	1.0
Quality control before construction index (0-1)		1.0
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect; Licensed engineer.	1.0
Quality control during construction index (0-3)		2.0
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections by in-house engineer; Unscheduled inspections.	1.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are always done in practice.	1.0
Quality control after construction index (0-3)		3.0
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency; Yes, in-house engineer submits report for final inspection.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection always occurs in practice.	1.0
Liability and insurance regimes index (0-2)		0.0

Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	No party is held liable under the law.	0.0
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance .	0.0
Professional certifications index (0-4)		4.0
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer; Passing a certification exam.	2.0
What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	Minimum number of years of experience; University degree in engineering, construction or construction management; Being a registered architect or engineer; Passing a certification exam.	2.0

⚡ Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

Price of electricity (cents per kilowatt-hour)*

- Price based on monthly bill for commercial warehouse in case study

*Note: Doing Business measures the price of electricity, but it is not included in the distance to frontier score nor the ranking on the ease of getting electricity.

Case study assumptions

To make the data comparable across economies, several assumptions are used.

The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

The monthly consumption:

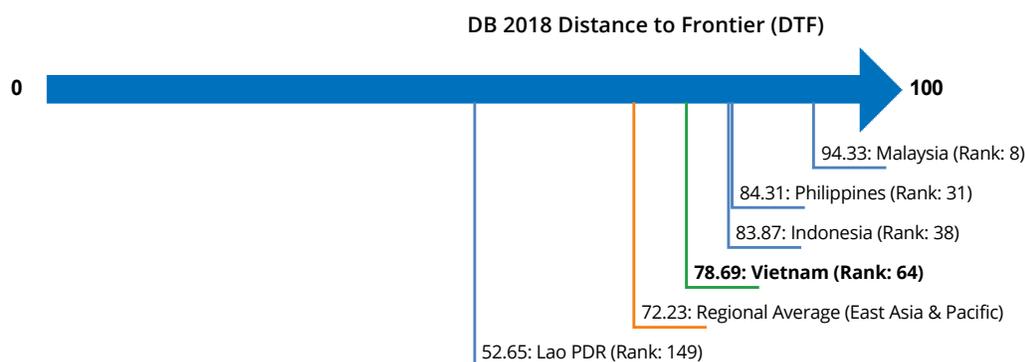
- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in March of the current year are used for calculation of the price of electricity for the warehouse. Although March has 31 days, for calculation purposes only 30 days are used.

Standardized Connection

Price of electricity (US cents per kWh)	12.0
Name of utility	Ho Chi Minh City Power Corporation (EVNHCMC)
City Covered	Ho Chi Minh City

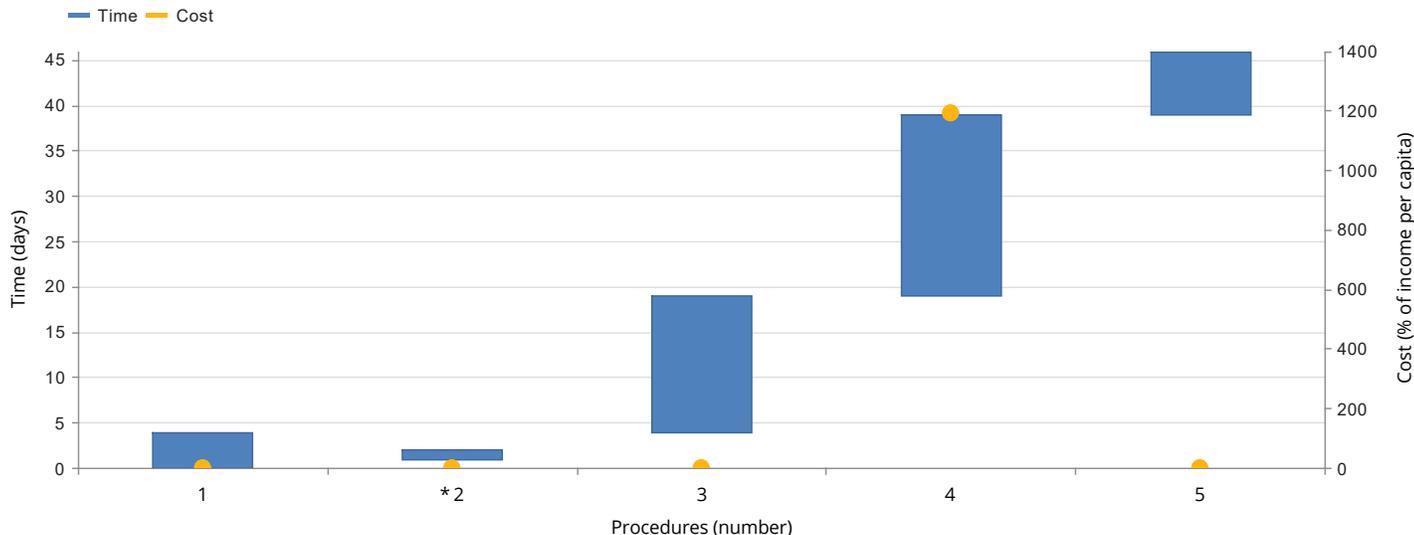
Indicator	Vietnam	East Asia & Pacific	OECD high income	Overall Best Performer
Procedures (number)	5	4.5	4.7	2 (United Arab Emirates)
Time (days)	46	71.6	79.1	10 (United Arab Emirates)
Cost (% of income per capita)	1191.8	712.0	63.0	0.00 (Japan)
Reliability of supply and transparency of tariff index (0-8)	6	3.7	7.4	8.00 (28 Economies)

Figure – Getting Electricity in Vietnam and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of getting electricity is determined by sorting their distance to frontier scores for getting electricity. These scores are the simple average of the distance to frontier scores for each of the component indicators.

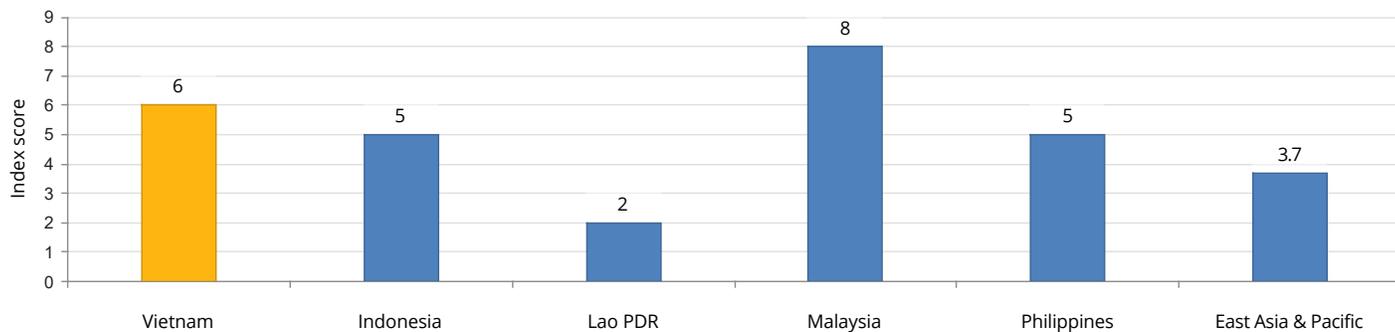
Figure – Getting Electricity in Vietnam – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Getting Electricity in Vietnam and comparator economies – Measure of Quality



Details – Getting Electricity in Vietnam – Procedure, Time and Cost

No.	Procedure	Time to Complete	Associated Costs
1	<p>Submit application to EVN HCMC and await clearance</p> <p>Agency : Ho Chi Minh City Power Corporation (EVN HCMC)</p> <p>The request for a new electrical connection can be made in the following manners: (1) directly at the utility, (2) online, through the utility's website, (3) through its Customer Care Center, (4) via other legal manners. Once received, the request is transferred to the utility's Exchange Team, according to the "one door" mechanism, to process and approve applications.</p> <p>List of documents/information sent to Distribution Department (information of customer is filed in the supplied forms):</p> <ul style="list-style-type: none"> + Information of customer: name, power supply location, power use schedule, registered capacity, estimated load profile. + Arrangement layout. + Characteristics of technology chain, load components of customer directly recognized from power distribution grid. <p>Document copies are not requested to be notarized, accordingly, the utility compares copies and originals and returns the originals to the customer immediately.</p>	4 calendar days	VND 0
⇒ 2	<p>Obtain external inspection by EVN HCMC</p> <p>Agency : Ho Chi Minh City Power Corporation (EVN HCMC)</p> <p>After the utility has received the application, it inspects the site to determine the specifics of the connection. No estimate of connection fees is prepared. However, the client needs to await approval (clearance) of Ho Chi Minh City Power Corporation (EVNHCMC) on the requested power.</p>	1 calendar day	VND 0
3	<p>Obtain design approval and excavation permit from Traffic and Transport Department</p> <p>Agency : Traffic and Transport Department</p> <p>The customer has to obtain an excavation permit for the underground connection at the Traffic and Transport Department. Also, based on Decree No. 15/2013/NĐ-CP dated February 06, 2013 of the Government on work quality management, the customer must also receive approval of their design as well as comments on the suitability of the local power grid development plan.</p>	15 calendar days	VND 0

- | | | |
|---|------------------|-----------------|
| 4 Hire private firm to design and carry out external works | 20 calendar days | VND 544,000,000 |
|---|------------------|-----------------|

Agency : Electrical Contractor

The customer can either ask the Distribution Department of EVN HCMC to do the works for them or hire a private firm. The more common approach is to hire an outside firm.

If more than 100 kVA is needed, a substation must be built. In the case where the customer chooses to hire an outside agency to carry out the works, the electricity company must first approve the designs.

A contract is signed after both parties have agreed on the capacity, construction schedule, construction border, etc. There is no inspection of the entire internal wiring, and any electrician can carry out the internal installation. To ensure liability, the customer usually hires a licensed electrical construction company.

- | | | |
|---|-----------------|-------|
| 5 Obtain meter installation and final connection from EVN HCMC | 7 calendar days | VND 0 |
|---|-----------------|-------|

Agency : Ho Chi Minh City Power Corporation (EVN HCMC)

When the external works have been completed, the customer requests the meter installation from the Distribution Department of the utility.

⇒ Takes place simultaneously with previous procedure.

Details – Getting Electricity in Vietnam – Measure of Quality

	Answer
Reliability of supply and transparency of tariff index (0-8)	6
Total duration and frequency of outages per customer a year (0-3)	1
System average interruption duration index (SAIDI)	8.6
System average interruption frequency index (SAIFI)	5.1
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	5.0
Mechanisms for monitoring outages (0-1)	1
Does the distribution utility use automated tools to monitor outages?	Yes
Mechanisms for restoring service (0-1)	1
Does the distribution utility use automated tools to restore service?	Yes
Regulatory monitoring (0-1)	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
Financial deterrents aimed at limiting outages (0-1)	1
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	Yes
Communication of tariffs and tariff changes (0-1)	1
Are effective tariffs available online?	Yes
Link to the website, if available online	http://cskh.hcmptc.com.vn http://cskh.hcmptc.com.vn/chitiettin/36
Are customers notified of a change in tariff ahead of the billing cycle?	Yes

Note:

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Procedures to legally transfer title on immovable property (number)

- Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration procedures in the economy's largest business city.
- Postregistration procedures (for example, filling title with municipality)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of property value)

- Official costs only (such as administrative fees, duties and taxes).
- Value Added Tax, Capital Gains Tax and illicit payments are excluded

Quality of land administration index (0-30)

- Reliability of infrastructure index (0-8)
- Transparency of information index (0-6)
- Geographic coverage index (0-8)
- Land dispute resolution index (0-8)
- Equal access to property rights index (-2-0)

Case study assumptions

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

The parties (buyer and seller):

- Are limited liability companies (or the legal equivalent).
- Are located in the periurban area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Are 100% domestically and privately owned.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

The property (fully owned by the seller):

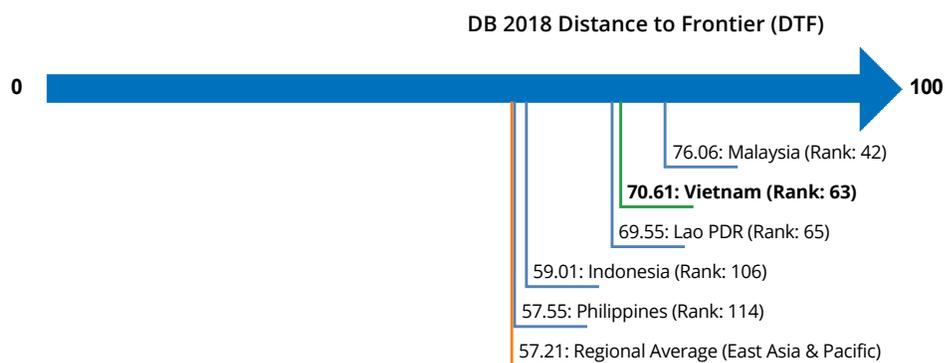
- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

Standard Property Transfer

Property value	VND 2,282,250,038.20
City Covered	Ho Chi Minh City

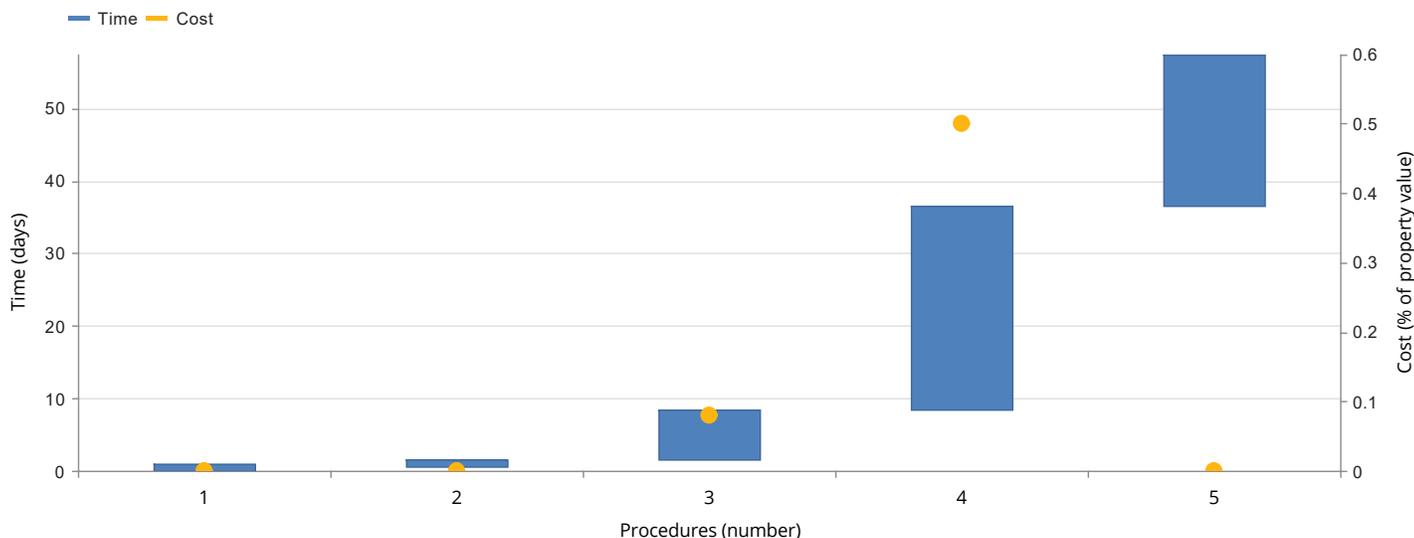
Indicator	Vietnam	East Asia & Pacific	OECD high income	Overall Best Performer
Procedures (number)	5	5.5	4.6	1.00 (4 Economies)
Time (days)	57.5	74.5	22.3	1.00 (3 Economies)
Cost (% of property value)	0.6	4.3	4.2	0.00 (5 Economies)
Quality of the land administration index (0-30)	14.0	15.8	22.7	29.00 (Singapore)

Figure – Registering Property in Vietnam and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of registering property is determined by sorting their distance to frontier scores for registering property. These scores are the simple average of the distance to frontier scores for each of the component indicators.

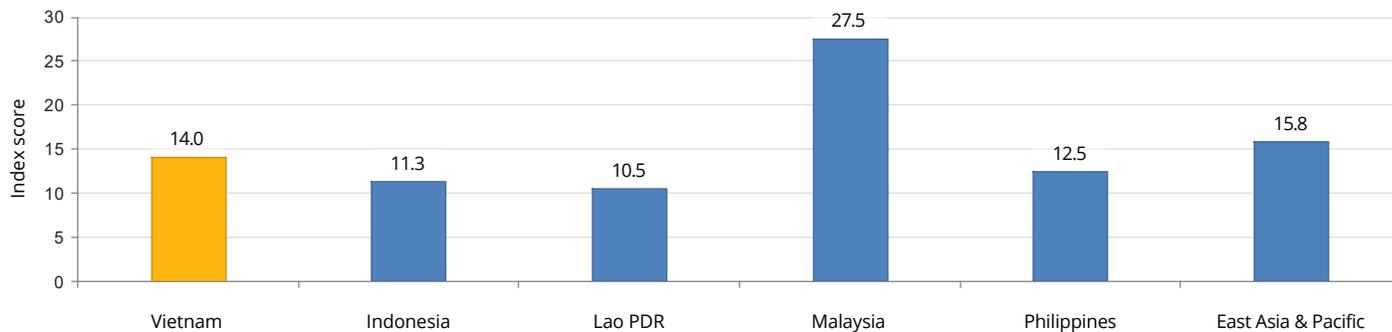
Figure – Registering Property in Vietnam – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Registering Property in Vietnam and comparator economies – Measure of Quality



Details – Registering Property in Vietnam – Procedure, Time and Cost

No.	Procedure	Time to Complete	Associated Costs
1	<p>Build an application for the transfer of land use rights and ownership of assets attached to the land</p> <p>Agency : Land Use Right Registration Office under the Department of Natural Resources and Environment (LUR Office)</p> <p>Parties obtain a Land Use Right (LUR) transfer contract (standard form) for free at the notary's office or online at http://moj.gov.vn/huongdannv/Lists/TaiLieuNghiepVu/View_Detail.aspx?ItemId=138.</p> <p>At the LUR office, the buyer will make a search on the ownership.</p> <p>The dossier includes: (i) LUR certificate, (ii) Decision or Resolution of the highest decision-making body of the company regarding the LUR transfer; and (iii) company's legal status documents and the construction works.</p>	1 day	VND 4,000
2	<p>Notary checks for any encumbrances on the property</p> <p>Agency : Notary Public</p> <p>Under Section I.5.1(c) of Circular No. 04/2006/TTLT-BTP-BTNMT, the notary public is required to check that the contents of the transfer agreement do not contradict social ethics or violate laws and regulations. In practice, the notary public will also check the encumbrances on the property with the LUR Office prior to notarizing the transfer contract. If the property is subject to an encumbrance, the notary public will not conduct the notarization unless otherwise agreed by the existing mortgagee (or any other owner of the encumbrance) and the transferee. The notaries have their own system to check the encumbrance on the transferred property before notary and it only takes few minutes to do so. There is no cost arising from such searches. He will study the contract and the results of the search before he notarizes.</p>	<p>Less than a day (online procedure)</p> <p>Under Section I.5.1(c) of Circular No. 04/2006/TTLT-BTP-BTNMT, the notary public is required to check that the contents of the transfer agreement do not contradict social ethics or violate laws and regulations. The notary public will also check the encumbrances on the transferred property with the LUR Office prior to notarizing the transfer contract.</p>	No cost

<p>3 The buyer and seller will sign the contract which will be witnessed and certified by a notary located in the same area as the property</p>	7 days	VND 1 million + 0.06% of the amount exceeding VND 1 billion
Agency : Notary Public		
<p>The land use right (LUR) transfer contract shall be made in duplicate, one for the seller and another for the buyer. This contract must be notarized by the public notary where the land is located (according to Article 167.3 of Land Law No. 45/2013/QH13 of the National Assembly dated November 29, 2013 which became effective from July 1, 2014 (the "New Land Law")). The dossier for the public notary office includes: (i) Request for notarization of the contract or transaction (in standard form); (ii) LUR transfer contract; (iii) Document evidencing transferor's title of the land and warehouse (e.g., land use right certificate for the 557.4 square meters land and construction works ownership registration certificate for the warehouse or certificate of land use right and assets attached to the land for both land and warehouse; (iv) Business registration certificate of the transferor and transferee; (v) The transferor's corporate approval on transfer of property to the transferee; (vi) Power of attorney granted by the legal representatives of the transferor and transferee if the signatory is not legal representative of the transferor and transferee; (vii) ID card of the signatory (including the legal representative and authorized person, if any), according to Joint Circular No. 04/2006/TTLT-BTP-BTNMT dated June 13, 2006 of the Ministry of Justice and the Ministry of Natural Resource and Environment); (viii) Copies of other documents relevant to the contract or transaction which the law stipulates must be available according to Article 40.1.dd of Law on Notarization No. 53/2014/QH12 dated June 20, 2014 of the National Assembly, effective as of January 1, 2015 (Law on Notarization).</p> <p>The time-limit for notarization shall not exceed 2 working days in the case of a complex contract or transaction, this time-limit may be extended but not beyond 10 working days (Article 43 Law on Notarization).</p> <p>If the value of property or contract between VND 1,000,000,000 and VND 3,000,000,000 notary fee is VND 1,000,000+0,06 % of the amount of the value of property or value of the contract/transaction exceeding 1,000,000,000 . (Joint Circular No. 08/2012/TTLT-BTC-BTP dated January 19, 2012 of the Ministry of Finance and the Ministry of Justice on rates, collection, payment, management and use of notary fees, as amended by Joint Circular No. 115/2015/TTLT-BTC-BTP of the Ministry of Finance and the Ministry of Justice dated August 11, 2015)</p>		
<p>4 The parties pay income tax on assignment of the land-use right and the registration fee at the relevant District Department of Taxation</p>	25-30 days	The registration fee (paid by the transferee) is 0,5% (Circular 79/2008/TT-BTC dated 15/9/2008 replaced Item II Section II Circular 95/2005/TT- BTC guiding on registration fee). The tax rate of the income tax from the assignment of land use right (paid by the
Agency : District Department of Taxation		
The registration fee (paid by the transferee) is 0.5% (Decree 45/2011/ND-CP and Circular 124/2011/TT-BTC on registration fee) .		
<p>Corporate Income Tax (CIT): From January 1, 2016, the tax rate of the income tax from the assignment of land use right (paid by the transferor) is 20% (Article 10.1 and Article 3.2 of Law on Corporate Income Tax No. 14/2008/QH12 dated June 3, 2008, as amended by Law No. 32/2013/QH13 dated June 19, 2013 and Law No. 71/2014/QH13 dated November 26, 2014 (the "CIT Law")).</p> <p>Registration Fee: From June 1, 2011, there are certain reforms related to</p>		

registration fees as follow: (1) Decree No. 45/2011/ND-CP dated June 17, 2011 of the Government guiding on registration fees which replaced Decree No. 176/1999/ND-CP dated December 21, 1999 of the Government as amended by Decree No. 80/2008/ND-CP dated July 29, 2008 of the Government; and (2) Circular No. 124/2011/TT-BTC dated August 31, 2011 of the Ministry of Finance guiding on registration fees replaced Circular 68/2010/TT-BTC dated April 26, 2010 of the Ministry of Finance which abolished Circular 79/2008/TT-BTC and Circular 95/2005/TT-BTC of the Ministry of Finance.

The transferee is required to declare and pay in full the registration fees when registering its ownership and rights to use of the property with the competent authority of Vietnam (e.g., application for a LUR certificate with respect to the 557.4 square meters land and the warehouse with the LUR Office) (Article 3 of Decree No. 45/2011/ND-CP dated June 17, 2011 of the Government and Article 2 of Circular No. 124/2011/TT-BTC dated August 31, 2011 of the Ministry of Finance), instead of the 30-day period as provided previously in Decree 176.

transferor) is 22% based on Article 11.2, Decree No. 218/2013/NĐ-CP dated December 26, 2013 of the Government guiding the implementation of the Law on Corporate Income Tax ("Decree 218"). The transferor is required to declare the corporate income tax for each time of transferring property (Article 12.5.b of Circular No. 156/2013/TT-BTC dated November 06, 2013 of the Ministry of Finance guiding Law on Tax Management ("Circular 156")). The taxation authority will base on the declaration to record, adjust the payable tax and issue a tax notice to the taxpayer within 3 working days from the day of receiving such declaration. (Article 18.4.(b) of Circular 156). A transfer of land use rights is not subject to VAT (Article 5.6 of the VAT Law), but a transfer of the warehouse is subject to VAT rate of 10% (Article 8.3 of the VAT Law).

5 The land-use right transferee shall register the right to use land

15-30 days

VND 50,000

Agency : Land Use Right Registration Office under the Department of Natural Resources and Environment (LUR Office)

(Updating existing LUR Certificate)

The Land Use Right Registration Office is the prescribed authority. Currently, there are many land use rights registration offices in Ho Chi Minh City, including the provincial land use rights registration office (immediately under the Department of Natural Resources and Environment of Ho Chi Minh City) and district land use rights registration offices (under the people's committee of districts). According to Article 17.1(a) and (k) of Circular No. 23/2014/TT-BTNMT of the Ministry of Natural Resources and Environment, providing for land use right or house and land-attached asset ownership certificates (effective as of July 5, 2014), in order to obtain the LUR certificate, the transferee may request the LUR Office to issue a new LUR certificate or an update on the existing LUR certificate.

According to Circular 106/2010/TT-BTC dated 26 July 2010 issued by the Ministry of Finance, the cost for registering the LURC are as follows:
 (a) Not over VND100,000 for the issuance of a new LURC; or
 (b) Not over VND 50,000 for the update/amendment to the existing LURC in the event of 1 (b) above occurs

1. In order to issue a new LUR certificate, the application dossier has to include according to the above mentioned Circular, Decree No. 43 and No. 88: (i) application for issuance of LUR certificate (in stipulated form); (ii) a copy of the business license; (iii) the sale and purchase contract for the Property; (iv) the original LUR certificate and the certificate of ownership of the warehouse; (v) copies of relevant tax payment receipts evidencing for fulfillment of relevant financial obligations; and (vi) a map of the Property (if existing documents on the Property do not have such a map).

Time-limit: 30 working days from the date of receipt of the proper dossier (Article 61.2(a) and (b) of Decree No. 43 detailing a number of articles of the Land Law ("Decree 43"), effective as of July 1, 2014).

2. In order to update an existing LUR certificate, the application dossier should contain According to the above mentioned Circular: (i) the sale and purchase contract for the Property; and (ii) the original LUR certificate and the certificate of ownership of the warehouse.

Time-limit: not over 15 working days from the date of receipt of the valid dossier ((Decree 43, Article 61.2 (i)).

⇒ Takes place simultaneously with previous procedure.

Details – Registering Property in Vietnam – Measure of Quality

	Answer	Score
Quality of the land administration index (0-30)		14.0
Reliability of infrastructure index (0-8)		6.0
What is the institution in charge of immovable property registration?	Land Department of the Environmental and Natural Resources Department	
In what format are the majority of title or deed records kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Scanned	1.0
Is there an electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Department of Survey and Map	
In what format are the majority of maps of land plots kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Scanned	1.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Different databases but linked	1.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	Yes	1.0
Transparency of information index (0-6)		3.0
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Anyone who pays the official fee	1.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	http://congchung.gov.vn/ho-so-cong-chung/HD-chuyen-nhuong-dat.html	
Is the applicable fee schedule for any property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, online	0.5

Link for online access:	http://congchun.gov.vn/blog/detail/18-Bieu-phi-cong-chung.html	
Does the agency in charge of immovable property registration commit to delivering a legally binding document that proves property ownership within a specific time frame—and if so, how does it communicate the service standard?	Yes, on public boards	0.5
Link for online access:		
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	No	0.0
Contact information:		
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	No	0.0
Number of property transfers in the largest business city in 2015:		
Who is able to consult maps of land plots in the largest business city?	Only intermediaries and interested parties	0.0
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, on public boards	0.5
Link for online access:		
Does the cadastral or mapping agency commit to delivering an updated map within a specific time frame—and if so, how does it communicate the service standard?	Yes, in person	0.0
Link for online access:		
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
Geographic coverage index (0–8)		0.0
Are all privately held land plots in the economy formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the economy mapped?	No	0.0
Are all privately held land plots in the largest business city mapped?	No	0.0
Land dispute resolution index (0–8)		5.0
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5

Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Is there a specific compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0.0
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar; Notary.	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar; Notary.	
Is there a national database to verify the accuracy of identity documents?	No	0.0
For a standard land dispute between two local businesses over tenure rights of a property worth 50 times gross national income (GNI) per capita and located in the largest business city, what court would be in charge of the case in the first instance?	Province People's court	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Between 1 and 2 years	2.0
Are there any statistics on the number of land disputes in the first instance?	No	0.0
Number of land disputes in the largest business city in 2015:		
Equal access to property rights index (-2-0)		0.0
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	0.0
Do married men and married women have equal ownership rights to property?	Yes	0.0

Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Strength of legal rights index (0-12)

- Rights of borrowers and lenders through collateral laws (0-10)
- Protection of secured creditors' rights through bankruptcy laws (0-2)

Depth of credit information index (0-8)

- Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)

Credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest credit bureau as a percentage of adult population

Credit registry coverage (% of adults)

- Number of individuals and firms listed in credit registry as a percentage of adult population

Case study assumptions

Doing Business assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.

In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.

Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:

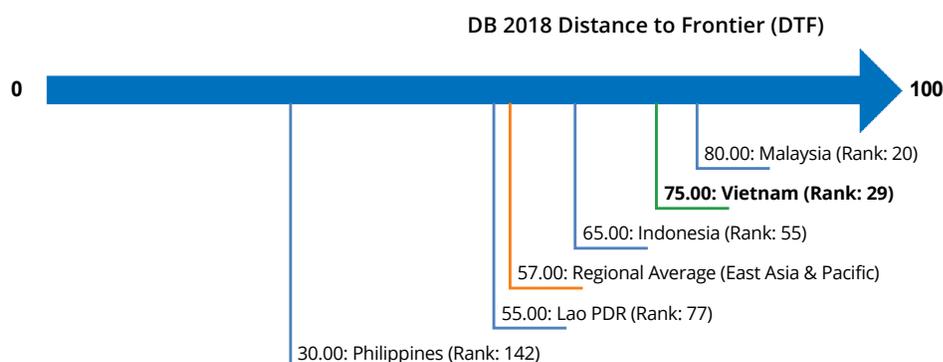
- ABC is a domestic limited liability company (or its legal equivalent).
- ABC has up to 50 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Both ABC and BizBank are 100% domestically owned.

The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).

In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.

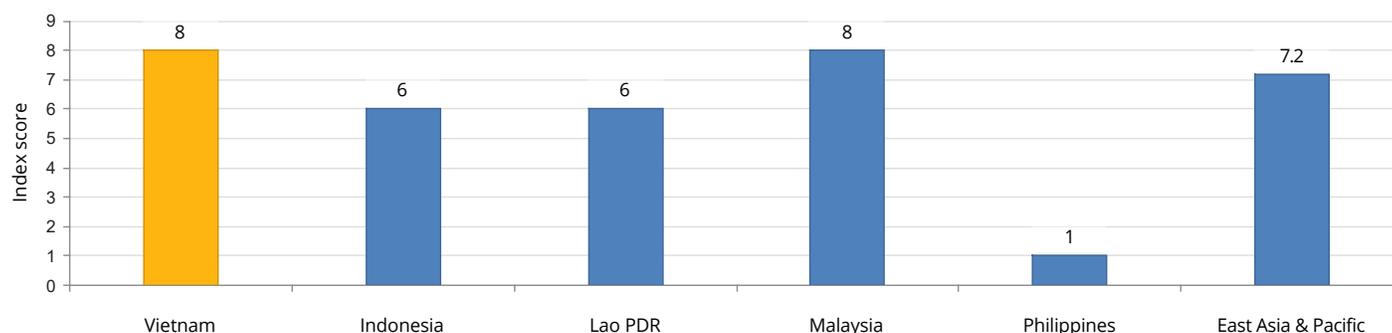
Indicator	Vietnam	East Asia & Pacific	OECD high income	Overall Best Performer
Strength of legal rights index (0-12)	8	7.2	6.0	12.00 (4 Economies)
Depth of credit information index (0-8)	7	4.2	6.6	8.00 (34 Economies)
Credit registry coverage (% of adults)	51.0	16.0	18.3	100.00 (3 Economies)
Credit bureau coverage (% of adults)	19.7	22.3	63.7	100.00 (23 Economies)

Figure – Getting Credit in Vietnam and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of getting credit is determined by sorting their distance to frontier scores for getting credit. These scores are the distance to frontier score for the sum of the strength of legal rights index and the depth of credit information index.

Figure – Legal Rights in Vietnam and comparator economies

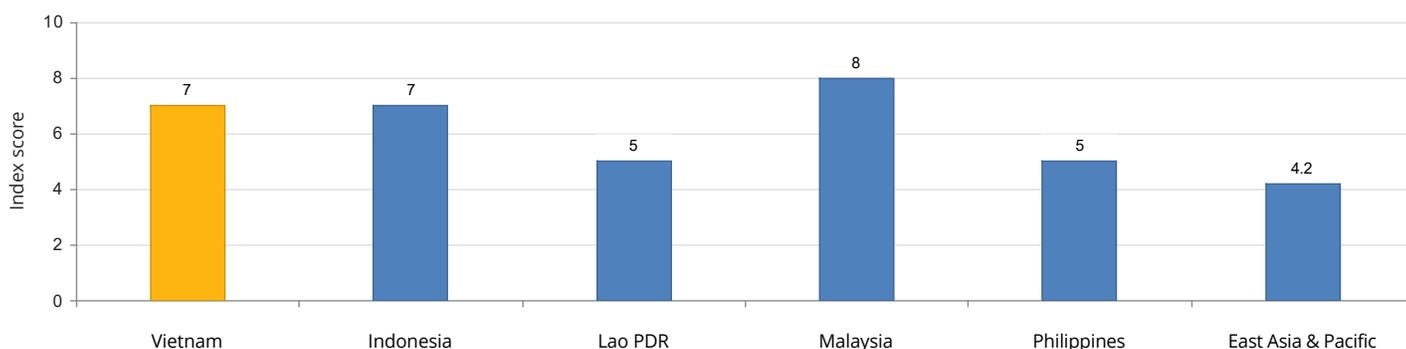


Details – Legal Rights in Vietnam

Strength of legal rights index (0-12) 8

Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy?	Yes
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	Yes
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	Yes
May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds or replacements of the original assets?	Yes
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?	Yes
Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name?	Yes
Does a notice-based collateral registry exist in which all functional equivalents can be registered?	No
Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party?	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure?	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated?	Yes
Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and/or sets a time limit for it?	No
Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt?	Yes

Figure – Credit Information in Vietnam and comparator economies



Details – Credit Information in Vietnam

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative credit data distributed?	Yes	Yes	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	No	No	0
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	Yes	Yes	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	Yes	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	No	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	Yes	Yes	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	Yes	Yes	1
Score ("yes" to either public bureau or private registry)			7

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	12,600,000	32,288,172
Number of firms	189,000	829,005
Total	12,789,000	33,117,177
Percentage of adult population	19.7	51.0

↗ Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

- **Extent of disclosure index (0–10):** Review and approval requirements for related-party transactions; Disclosure requirements for related-party transactions
- **Extent of director liability index (0–10):** Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, fines, imprisonment, rescission of the transaction)
- **Ease of shareholder suits index (0–10):** Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses
- **Extent of conflict of interest regulation index (0–10):** Simple average of the extent of disclosure, extent of director liability and ease of shareholder indices
- **Extent of shareholder rights index (0–10):** Shareholders' rights and role in major corporate decisions
- **Extent of ownership and control index (0–10):** Governance safeguards protecting shareholders from undue board control and entrenchment
- **Extent of corporate transparency index (0–10):** Corporate transparency on ownership stakes, compensation, audits and financial prospects
- **Extent of shareholder governance index (0–10):** Simple average of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices
- **Strength of minority investor protection index (0–10):** Simple average of the extent of conflict of interest regulation and extent of shareholder governance indices

Case study assumptions

To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

The business (Buyer):

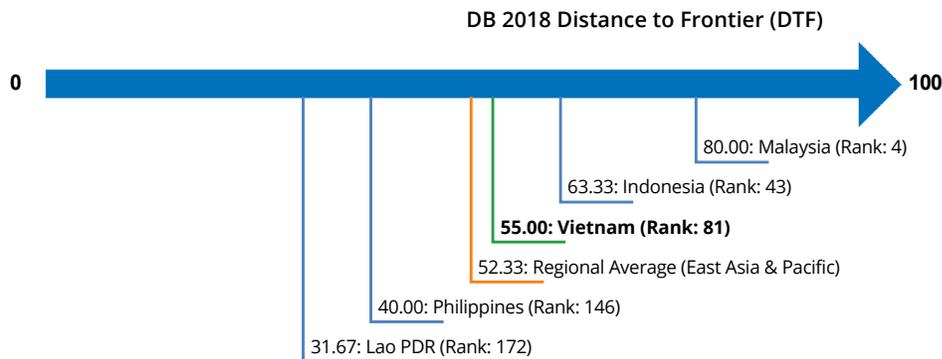
- Is a publicly traded corporation listed on the economy's most important stock exchange. If the number of publicly traded companies listed on that exchange is less than 10, or if there is no stock exchange in the economy, it is assumed that Buyer is a large private company with multiple shareholders.
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.
- Has a supervisory board (applicable to economies with a two-tier board system) on which 60% of the shareholder-elected members have been appointed by Mr. James, who is Buyer's controlling shareholder and a member of Buyer's board of directors.
- Has not adopted any bylaws or articles of association that differ from default minimum standards and does not follow any nonmandatory codes, principles, recommendations or guidelines relating to corporate governance.
- Is a manufacturing company with its own distribution network.

The transaction involves the following details:

- Mr. James owns 60% of Buyer and elected two directors to Buyer's five-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's ordinary course of business and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made (that is, the transaction is not fraudulent).
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the other parties that approved the transaction.

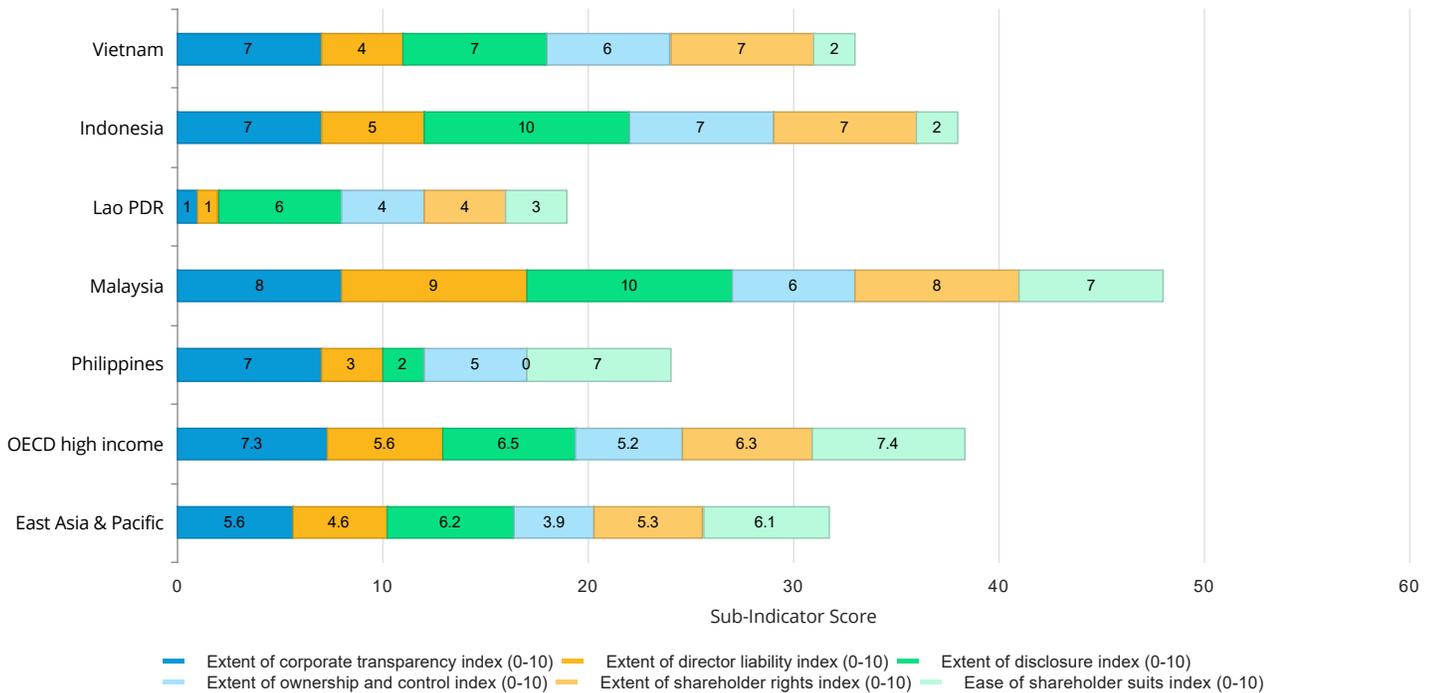
Indicator	Vietnam	East Asia & Pacific	OECD high income	Overall Best Performer
Extent of conflict of interest regulation index (0-10)	4.3	5.7	6.4	9.3 (New Zealand)
Extent of shareholder governance index (0-10)	6.7	4.8	6.4	9.00 (Kazakhstan)

Figure – Protecting Minority Investors in Vietnam and comparator economies – Ranking and DTF



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their distance to frontier scores for protecting minority investors. These scores are the simple average of the distance to frontier scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure – Protecting Minority Investors in Vietnam and comparator economies – Measure of Quality



Details – Protecting Minority Investors in Vietnam – Measure of Quality

	Answer	Score
Extent of conflict of interest regulation index (0-10)		4.3
Extent of disclosure index (0-10)		7
Which corporate body is legally sufficient to approve the Buyer-Seller transaction? (0-3)	Board of directors excluding interested members	2.0
Must an external body review the terms of the transaction before it takes place? (0-1)	No	0.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	Full disclosure of all material facts	2.0
Must Buyer disclose the transaction in published periodic filings (annual reports)? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Must Buyer immediately disclose the transaction to the public and/or shareholders? (0-2)	Disclosure on the transaction only	1.0
Extent of director liability index (0-10)		4
Can shareholders representing 10% of Buyer's share capital sue directly or derivatively for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold the interested director liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer (0-2)	Not liable	0.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	Yes	1.0
Is Mr. James disqualified or fined and imprisoned upon a successful claim by shareholders? (0-1)	No	0.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Only in case of fraud or bad faith	0.0
Ease of shareholder suits index (0-10)		2
Before suing can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	No	0.0

Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	No	0.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	No	0.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Preapproved questions only	1.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	No	0.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes if successful	1.0
Extent of shareholder governance index (0-10)		6.7
Extent of shareholder rights index (0-10)		7
Does the sale of 51% of Buyer's assets require shareholder approval?	Yes	1.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	Yes	1.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	No	0.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	Yes	1.0
Must shareholders approve the election and dismissal of the external auditor?	Yes	1.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	No	0.0
Assuming that Buyer is a limited company, does the sale of 51% of its assets require member approval?	Yes	1.0
Assuming that Buyer is a limited company, can members representing 10% call for a meeting of members?	Yes	1.0
Assuming that Buyer is a limited company, must all members consent to add a new member?	No	0.0
Assuming that Buyer is a limited company, must a member first offer to sell their interest to the existing members before they can sell to non-members?	Yes	1.0
Extent of ownership and control index (0-10)		6
Is it forbidden to appoint the same individual as CEO and chair of the board of directors?	No	0.0
Must the board of directors include independent and nonexecutive board members?	Yes	1.0
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	No	0.0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	Yes	1.0

Must Buyer pay declared dividends within a maximum period set by law?	Yes	1.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	Yes	1.0
Assuming that Buyer is a limited company, must Buyer have a mechanism to resolve disagreements among members?	Yes	1.0
Assuming that Buyer is a limited company, must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	No	0.0
Assuming that Buyer is a limited company, must Buyer distribute profits within a maximum period set by law?	No	0.0
Extent of corporate transparency index (0-10)		7
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	Yes	1.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	Yes	1.0
Must Buyer disclose the compensation of individual managers?	Yes	1.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	No	0.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	No	0.0
Must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0
Must Buyer disclose its audit reports to the public?	Yes	1.0
Assuming that Buyer is a limited company, must members meet at least once a year?	Yes	1.0
Assuming that Buyer is a limited company, can members representing 5% put items on the meeting agenda?	Yes	1.0
Assuming that Buyer is a limited company, must Buyer's annual financial statements be audited by an external auditor?	No	0.0

Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as measures the administrative burden in paying taxes and contributions. The most recent round of data collection for the project was completed on June 30, 2017 covering for the Paying Taxes indicator calendar year 2016 (January 1, 2016 – December 31, 2016).

Last year (Doing Business 2017) the scope of data collection was expanded to better understand the overall tax environment in an economy. The questionnaire was expanded to include new questions on post-filing processes: VAT refund and tax audit. The data shows where postfiling processes and practices work efficiently and what drives the differences in the overall tax compliance cost across economies.

The new section covers both the legal framework and the administrative burden on businesses to comply with postfiling processes.

[See the methodology for more information.](#)

What the indicators measure

Tax payments for a manufacturing company in 2016 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Completing tax return, filing with agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax and contribution rate (% of profit before all taxes)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

Postfiling Index

- Time to comply with a VAT refund
- Time to receive a VAT refund
- Time to comply with a corporate income tax audit
- Time to complete a corporate income tax audit

Case study assumptions

Using a case scenario, Doing Business records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2015. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2016). Taxes and mandatory contributions are measured at all levels of government.

The VAT refund process:

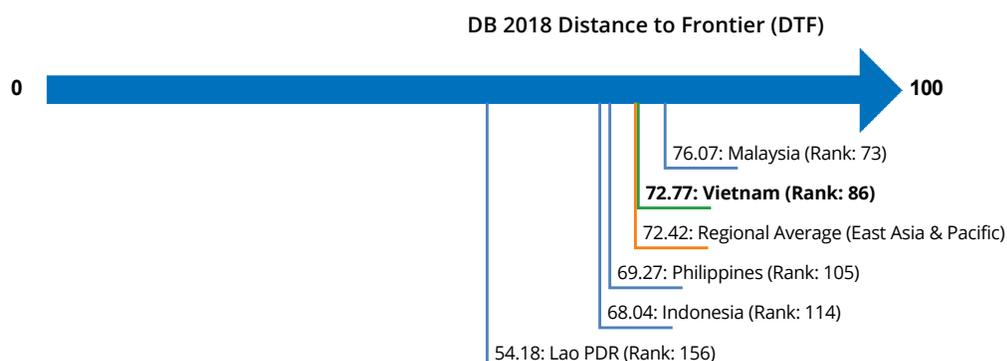
- In June 2016, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2016.

The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

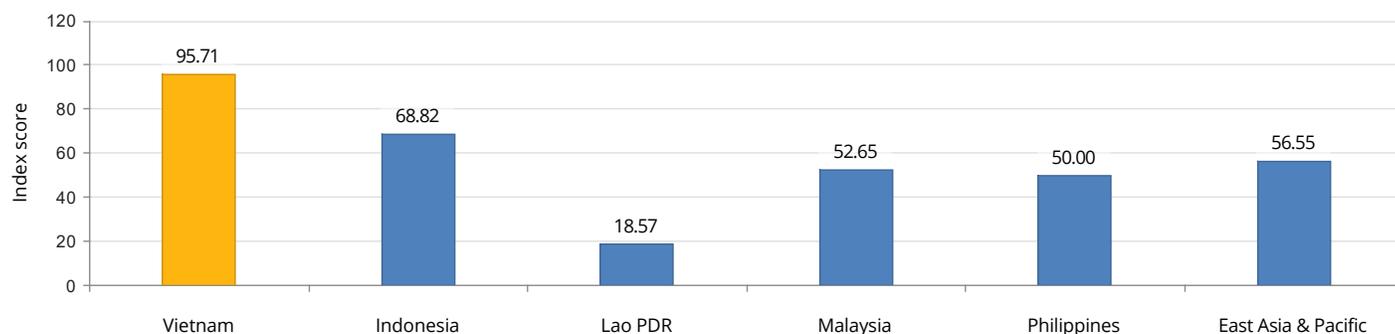
Indicator	Vietnam	East Asia & Pacific	OECD high income	Overall Best Performer
Payments (number per year)	14	21.8	10.9	3 (Hong Kong SAR, China)
Time (hours per year)	498	189.2	160.7	55 (Luxembourg)
Total tax and contribution rate (% of profit)	38.1	33.6	40.1	18.47% (32 Economies)
Postfiling index (0-100)	95.71	56.55	83.45	99.38 (Estonia)

Figure – Paying Taxes in Vietnam and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of paying taxes is determined by sorting their distance to frontier scores on the ease of paying taxes. These scores are the simple average of the distance to frontier scores for each of the four component indicators – number of tax payments, time, total tax rate and postfiling index – with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax rate. The nonlinear distance to frontier for the total tax rate is equal to the distance to frontier for the total tax rate to the power of 0.8. The threshold is defined as the total tax rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax rate below this threshold receive the same score as the economy at the threshold.

Figure – Paying Taxes in Vietnam and comparator economies – Measure of Quality



Details – Paying Taxes in Vietnam

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTR
Employer paid - Social Security contributions	1		147	18%	gross salaries	20.30	
Corporate income tax	5		132	20%	taxable profit	12.13	
Employer paid - Health insurance contributions	0	paid jointly		3%	gross salaries	3.38	0.045119559203592
Employer paid - Unemployment insurance	0	paid jointly		1%	gross salaries	1.13	
Income tax from transfer of land use rights	1			20%	capital gains	1.01	
Business Licensing Tax	1			VND 1,500,000	fixed fee	0.08	
Non Agricultural Land Tax	1			0.3%	Value of land	0.02	
Value added tax (VAT)	4		219	10%	value added	0.00	not included
Environmental Tax	0			VND40,000 per ton	by weight	0.00	
Fuel tax	1				included in fuel price	0.00	

Employee paid - Health insurance contributions	0	paid jointly	1.5%	gross salaries	0.00	withheld
Employee paid - Social Security contributions	0	paid jointly	8%	gross salaries	0.00	withheld
Employee paid - Unemployment insurance	0	paid jointly	1%	gross salaries	0.00	withheld
Totals	14		498		38.1	

Details – Paying Taxes in Vietnam – Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	13.1
Labor tax and contributions (% of profit)	24.8
Other taxes (% of profit)	0.1

Details – Paying Taxes in Vietnam – Measure of Quality

	Answer	Score
Postfiling index (0-100)		95.71
VAT refunds		
Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	Yes	
Restrictions on VAT refund process	Carry forward for 12 months	
Percentage of cases exposed to a VAT audit (%)	0% - 24%	
Is there a mandatory carry forward period?	No	
Time to comply with VAT refund (hours)	1.5	97
Time to obtain a VAT refund (weeks)	8.6	89.49
Corporate income tax audits		
Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	0% - 24%	
Time to comply with a corporate income tax audit (hours)	3.5	96.33

Time to complete a corporate income tax audit (weeks)

No tax audit per
case study
scenario 100

Notes: Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax audit and time to complete a corporate income tax audit.

N/A = Not applicable.

Trading across Borders

Doing Business records the time and cost associated with the logistical process of exporting and importing goods. Doing Business measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

Given the importance of trade digitalization, in Doing Business 2018, the Trading across Borders questionnaire included research questions on the availability and status of implementation of Electronic Data Interchange (EDI) and Single Window (SW) systems. With this information, Doing Business built a comprehensive dataset on the adoption and level of sophistication of electronic platforms in 190 economies. These data are not used to compute the distance to frontier score or ranking of the ease of doing business. The new dataset on EDI and SW systems is available [here](#).

What the indicators measure

Documentary compliance

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

Border compliance

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

Domestic transport

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

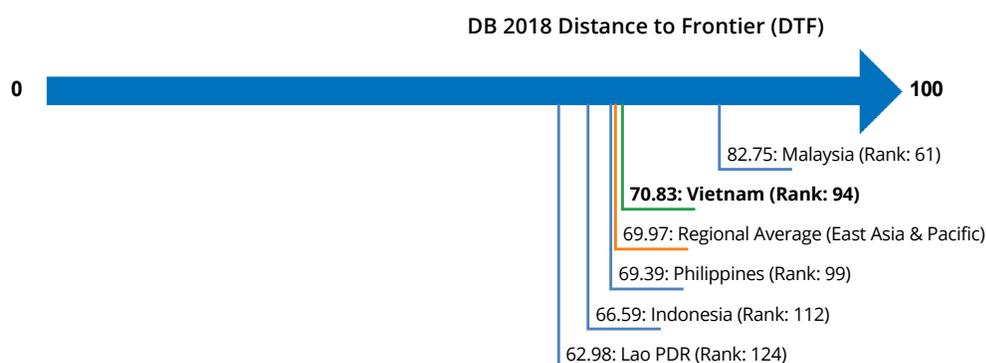
Time: Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as $22 \times 24 = 528$ hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

Cost: Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

Assumptions of the case study: - For all 190 economies covered by Doing Business, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy. - It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000. - The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport, or land border crossing. - All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process. - A port or border is a place (seaport, airport or land border crossing) where merchandise can enter or leave an economy. - Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

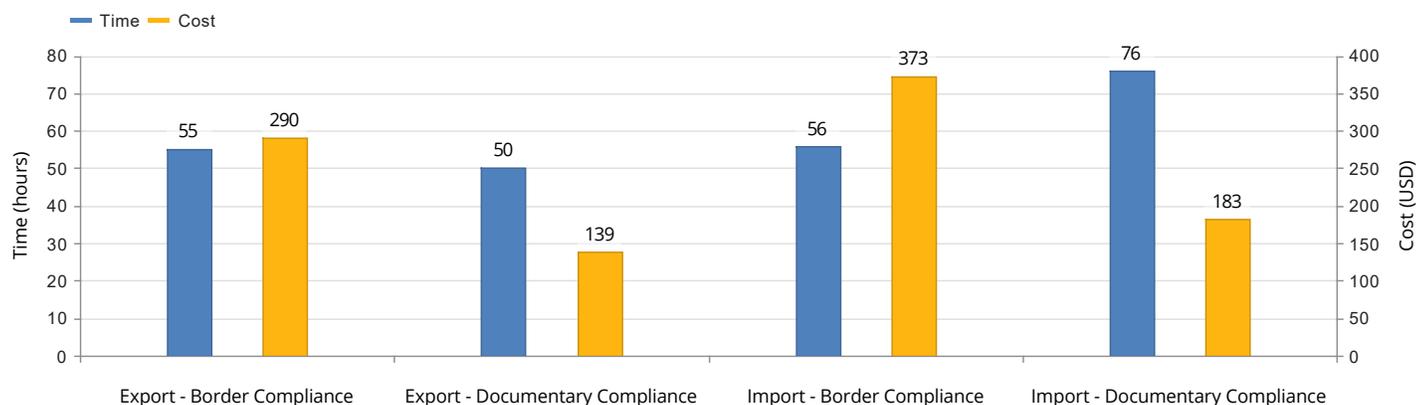
Indicator	Vietnam	East Asia & Pacific	OECD high income	Overall Best Performer
Time to export: Border compliance (hours)	55	55.9	12.7	0 (17 Economies)
Cost to export: Border compliance (USD)	290	387.5	149.9	0.00 (19 Economies)
Time to export: Documentary compliance (hours)	50	68.2	2.4	1.0 (25 Economies)
Cost to export: Documentary compliance (USD)	139	112.1	35.4	0.00 (19 Economies)
Time to import: Border compliance (hours)	56	70.5	8.7	0.00 (21 Economies)
Cost to import: Border compliance (USD)	373	431.0	111.6	0.00 (27 Economies)
Time to import: Documentary compliance (hours)	76	65.6	3.5	1.0 (30 Economies)
Cost to import: Documentary compliance (USD)	183	111.4	25.6	0.00 (30 Economies)

Figure – Trading across Borders in Vietnam and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of trading across borders is determined by sorting their distance to frontier scores for trading across borders. These scores are the simple average of the distance to frontier scores for the time and cost for documentary compliance and border compliance to export and import (domestic transport is not used for calculating the ranking).

Figure – Trading across Borders in Vietnam – Time and Cost



Details – Trading across Borders in Vietnam

Characteristics	Export	Import
Product	HS 85 : Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	HS 8708: Parts and accessories of motor vehicles
Trade partner	Japan	Japan
Border	Cat Lai port	Cat Lai port
Distance (km)	26	26
Domestic transport time (hours)	7	7
Domestic transport cost (USD)	181	181

Details – Trading across Borders in Vietnam – Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	5.0	60.0
Export: Clearance and inspections required by agencies other than customs	8.0	25.0
Export: Port or border handling	55.0	205.0
Import: Clearance and inspections required by customs authorities	16.0	85.0
Import: Clearance and inspections required by agencies other than customs	8.0	0.0
Import: Port or border handling	32.0	288.0

Details – Trading across Borders in Vietnam – Trade Documents

Export	Import
Bill of Lading	Bill of Lading
Commercial invoice	Commercial invoice
Packing list	Packing list
Customs export declaration	Certificate of origin
Technical standard	Cargo release order
SOLAS certificate	Customs import declaration
	Inspection report
	SOLAS certificate

Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Time required to enforce a contract through the courts (calendar days)

- Time to file and serve the case
- Time for trial and to obtain the judgment
- Time to enforce the judgment

Cost required to enforce a contract through the courts (% of claim)

- Attorney fees
- Court fees
- Enforcement fees

Quality of judicial processes index (0-18)

- Court structure and proceedings (-1-5)
- Case management (0-6)
- Court automation (0-4)
- Alternative dispute resolution (0-3)

Case study assumptions

The dispute in the case study involves the breach of a sales contract between 2 domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.

To make the data comparable across economies, Doing Business uses several assumptions about the case:

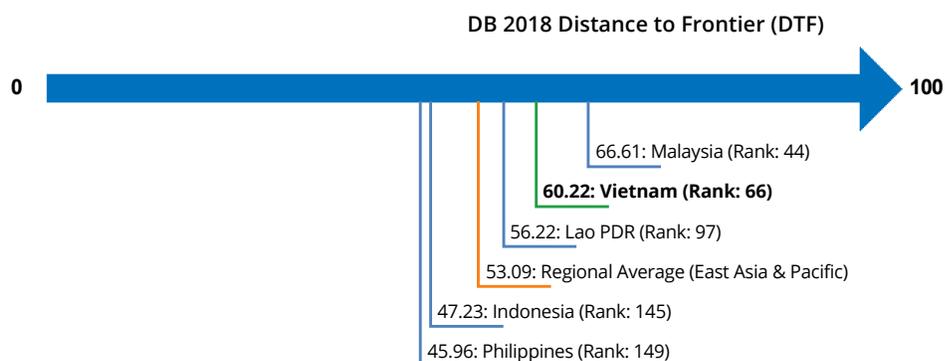
- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The buyer orders custom-made goods, then fails to pay.
- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.
- The seller sues the buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000.
- The seller requests a pretrial attachment to secure the claim.
- The dispute on the quality of the goods requires an expert opinion.
- The judge decides in favor of the seller; there is no appeal.
- The seller enforces the judgment through a public sale of the buyer's movable assets.

Standardized Case

Claim value	VND 108,912,790.00
Court name	People's Court of Ho Chi Minh City, District Level Court
City Covered	Ho Chi Minh City

Indicator	Vietnam	East Asia & Pacific	OECD high income	Overall Best Performer
Time (days)	400	565.7	577.8	164.00 (Singapore)
Cost (% of claim value)	29.0	47.3	21.5	9.00 (Iceland)
Quality of judicial processes index (0-18)	6.5	7.9	11.0	15.50 (Australia)

Figure – Enforcing Contracts in Vietnam and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their distance to frontier scores for enforcing contracts. These scores are the simple average of the distance to frontier scores for each of the component indicators.

Figure – Enforcing Contracts in Vietnam – Time and Cost

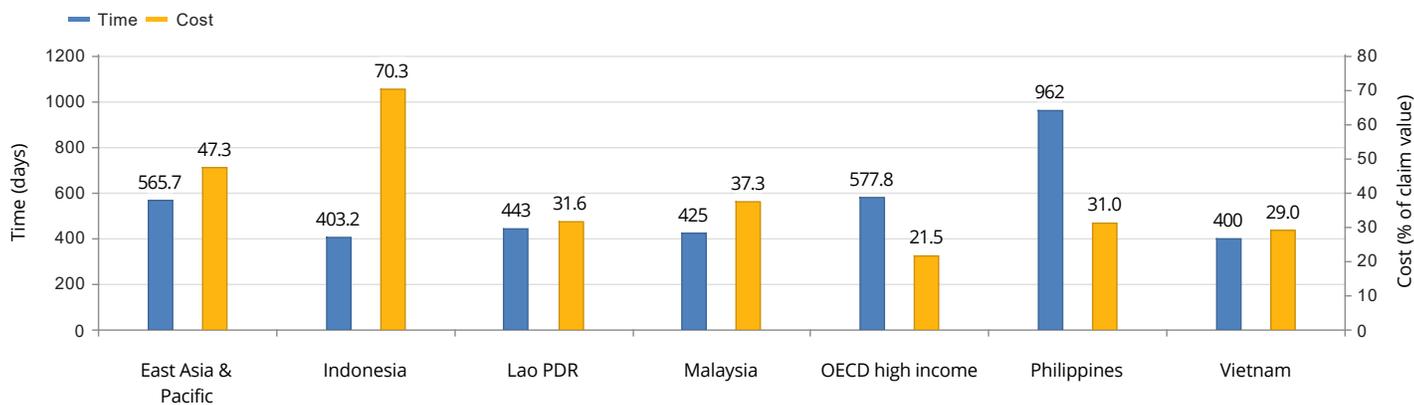
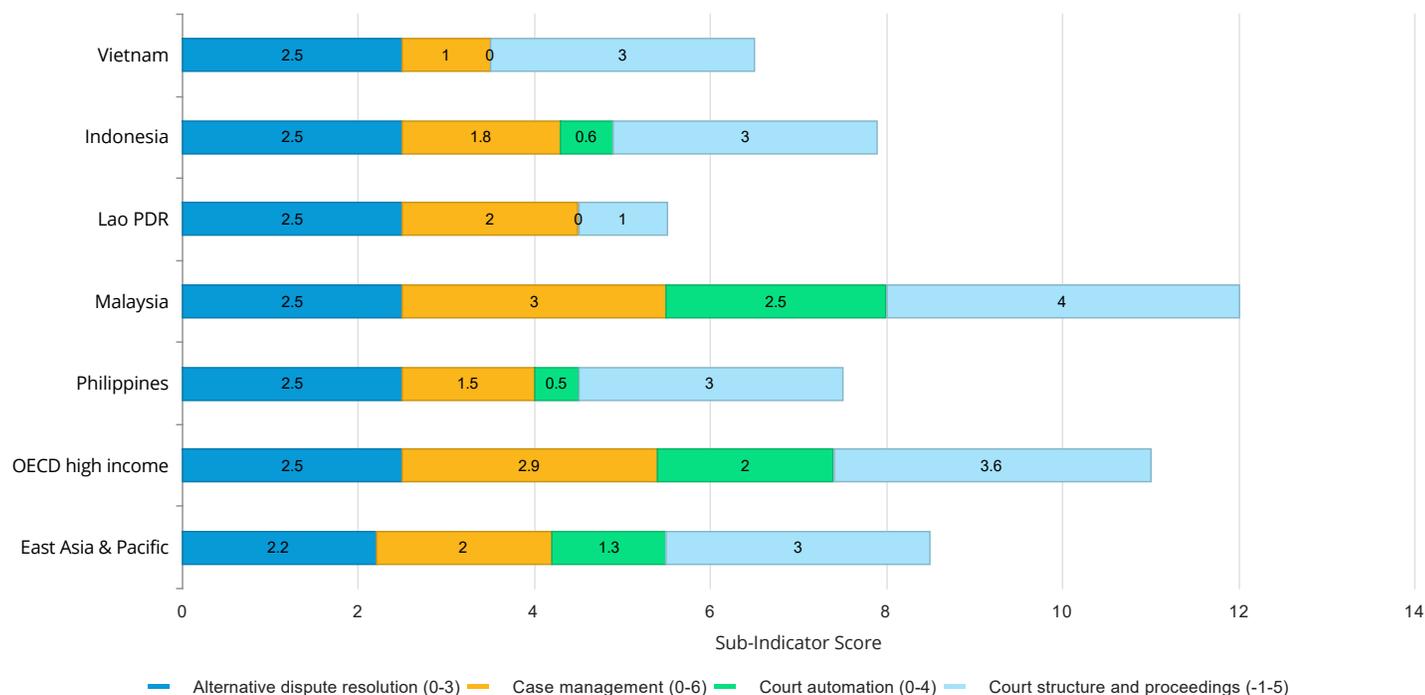


Figure – Enforcing Contracts in Vietnam and comparator economies – Measure of Quality



Details – Enforcing Contracts in Vietnam

	Indicator
Time (days)	400
Filing and service	50
Trial and judgment	200
Enforcement of judgment	150
Cost (% of claim value)	29.0
Attorney fees	21
Court fees	5
Enforcement fees	3
Quality of judicial processes index (0-18)	6.5
Court structure and proceedings (-1-5)	3.0
Case management (0-6)	1.0
Court automation (0-4)	0.0
Alternative dispute resolution (0-3)	2.5

Details – Enforcing Contracts in Vietnam – Measure of Quality

	Answer	Score
Quality of judicial processes index (0-18)		6.5
Court structure and proceedings (-1-5)		3.0
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	Yes	1.5
2. Small claims court		0.0
2.a. Is there a small claims court or a fast-track procedure for small claims?	No	
2.b. If yes, is self-representation allowed?	n.a.	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, but manual	0.5
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
Case management (0-6)		1.0
1. Time standards		1.0
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	Yes	
1.c. Are these time standards respected in more than 50% of cases?	Yes	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	No	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	n.a.	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	No	0.0
4. Is a pretrial conference among the case management techniques used before the competent court?	No	0.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	No	0.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
Court automation (0-4)		0.0
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	No	0.0

2. Is it possible to carry out service of process electronically for claims filed before the competent court?	No	0.0
3. Can court fees be paid electronically within the competent court?	No	0.0
4. Publication of judgments		0.0
4.a Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
Alternative dispute resolution (0-3)		2.5
1. Arbitration		1.5
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	
2. Mediation/Conciliation		1.0
2.a. Is voluntary mediation or conciliation available?	Yes	
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects?	Yes	
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	No	

Resolving Insolvency

Doing Business studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, Doing Business uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit.

The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Time required to recover debt (years)

- Measured in calendar years
- Appeals and requests for extension are included

Cost required to recover debt (% of debtor's estate)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- Other related fees

Outcome

- Whether business continues operating as a going concern or business assets are sold piecemeal

Recovery rate for creditors

- Measures the cents on the dollar recovered by secured creditors
- Outcome for the business (survival or not) determines the maximum value that can be recovered
- Official costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Present value of debt recovered

Strength of insolvency framework index (0- 16)

- Sum of the scores of four component indices:
- Commencement of proceedings index (0-3)
- Management of debtor's assets index (0-6)
- Reorganization proceedings index (0-3)
- Creditor participation index (0-4)

Case study assumptions

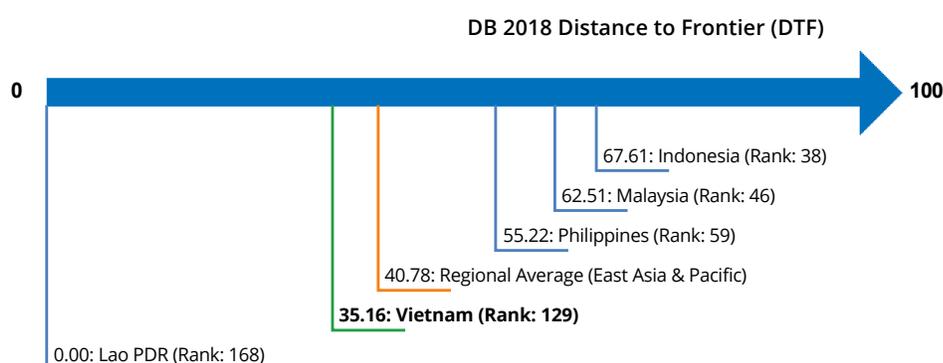
To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:

- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.
- The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater.
- The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.

In addition, Doing Business evaluates the adequacy and integrity of the existing legal framework applicable to liquidation and reorganization proceedings through the strength of insolvency framework index. The index tests whether economies adopted internationally accepted good practices in four areas: commencement of proceedings, management of debtor's assets, reorganization proceedings and creditor participation.

Indicator	Vietnam	East Asia & Pacific	OECD high income	Overall Best Performer
Recovery rate (cents on the dollar)	21.8	35.4	71.2	93.1 (Norway)
Time (years)	5.0	2.6	1.7	0.4 (Ireland)
Cost (% of estate)	14.5	20.6	9.1	1.00 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0
Strength of insolvency framework index (0-16)	7.5	7.0	12.1	15.00 (6 Economies)

Figure – Resolving Insolvency in Vietnam and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their distance to frontier scores for resolving insolvency. These scores are the simple average of the distance to frontier scores for the recovery rate and the strength of insolvency framework index.

Figure – Resolving Insolvency in Vietnam – Time and Cost

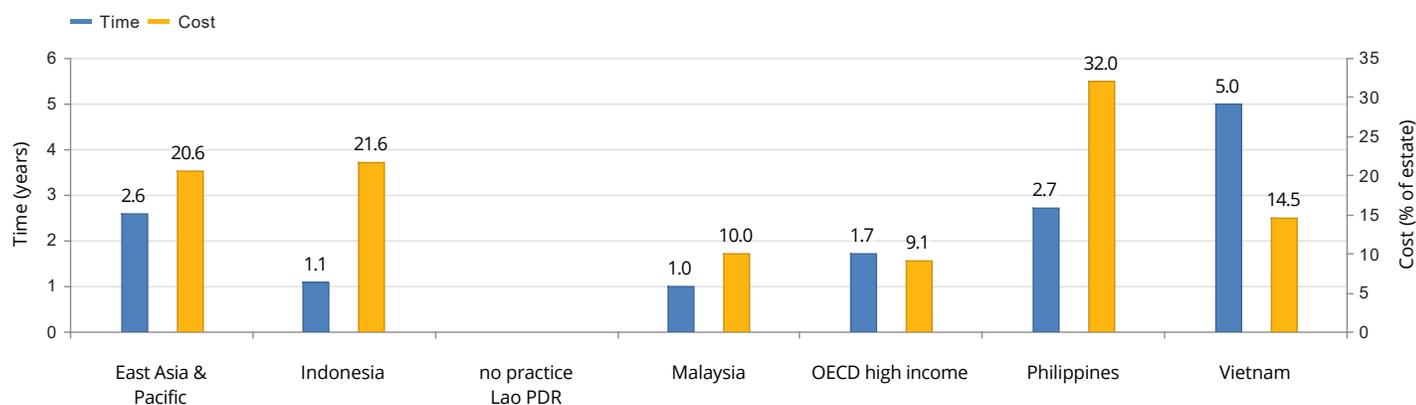


Figure – Resolving Insolvency in Vietnam and comparator economies – Measure of Quality

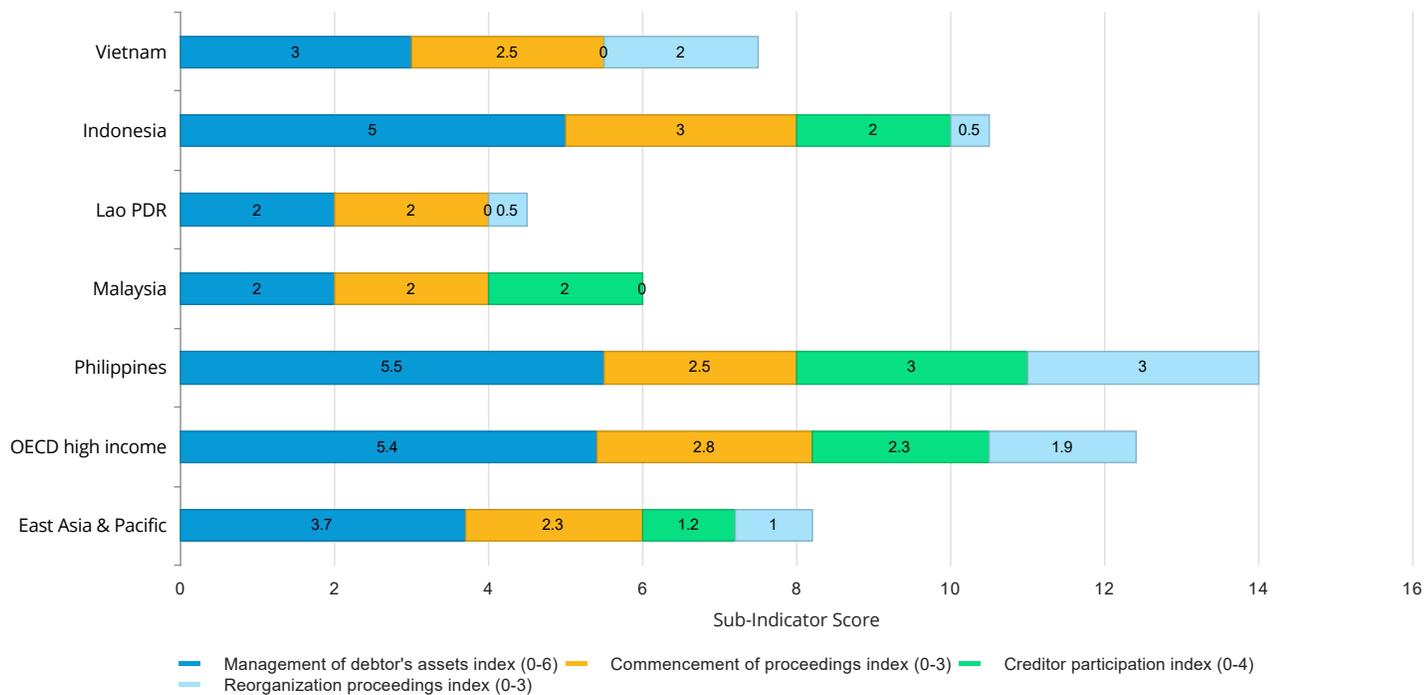
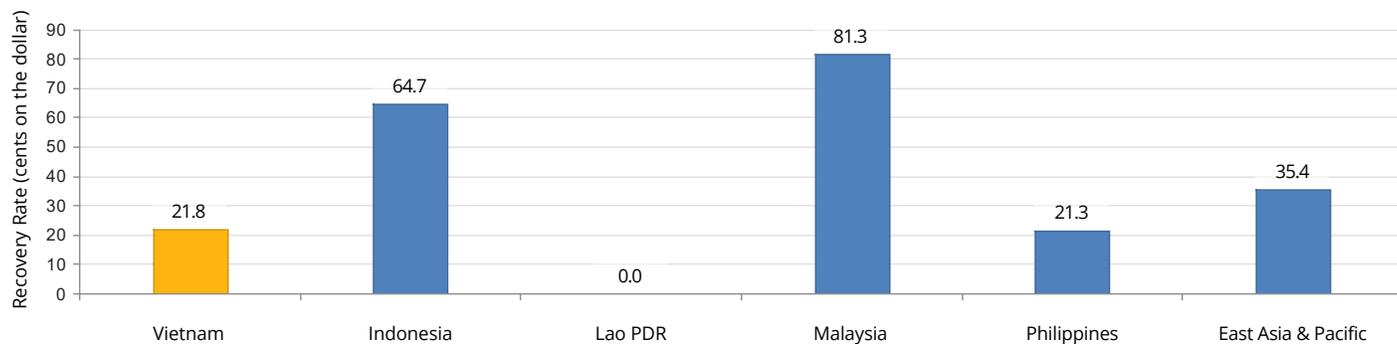


Figure – Resolving Insolvency in Vietnam and comparator economies – Recovery Rate



Details – Resolving Insolvency in Vietnam

Indicator	Answer	Explanation
Proceeding	liquidation (after an attempt at reorganization)	According to articles 5.3 and 5.4 of the Law on Bankruptcy No. 51/2014/QH13 (hereafter, "Law on Bankruptcy 2014"), the legal representative/owner of Mirage has the obligation to file a petition for commencement of bankruptcy procedures when Mirage become insolvent. With the assumption that Mirage's management want to keep the company operating, they will initiate reorganization and secured creditors are subject to an automatic stay of reorganization. If the reorganization plan is not approved during the meeting of creditors, the court shall issue a decision to commence procedures for liquidation of assets according to Article 107 of the Law on Bankruptcy. If the reorganization plan is approved, Mirage will undergo a recovery business. However, if such reorganization plan fails (in case Mirage cannot implement the approved reorganization plan, or Mirage remains insolvent upon expiry of the time-limit for implementation of the reorganization plan), Mirage shall be subject to liquidation procedures in accordance with a decision of the judge in charge of the case.
Outcome	piecemeal sale	The hotel will stop operating and Mirage assets will be sold piecemeal conducted by an auctioneer in a public sale after the liquidation proceeding (Art. 124 of the Bankruptcy Law).
Time (in years)	5.0	A reorganization procedure that is then converted into liquidation will approximately take 5 years in practice. The following are main steps and relevant timeline as stipulated under the 2014 Bankruptcy Law (with an assumption that the bankruptcy procedures is accepted by the competent court, and reorganization will be apply): 1. Acceptance of the bankruptcy procedures: about 2 months from the submission of relevant petition for commencement of bankruptcy procedures (Chapter II of the 2014 Bankruptcy Law). 2. Issuance of decision on commencement of bankruptcy procedures: 1 month from acceptance date (Article 42 of the 2014 Bankruptcy Law). 3. Submission of notices requesting for payment of debts by the creditors: 1 month from the date of a decision to commence the bankruptcy procedures (Article 66 of the 2014 Bankruptcy Law). 4. Preparation of list of creditors: 0.5 month from the date of expiry for submission of notices for payment of debts by creditors (Article 67 of the 2014 Bankruptcy Law). 5. Convening and sending notice of meeting of creditors: about 1 month from the date of finalization of list of creditors (Article 75 of the 2014 Bankruptcy Law). 6. Formulation and implementation of plan for recovery of business: In practice, it will take almost 2 years to prepare the creditors list, draft and vote the plan, which would be rejected under our case study assumptions. (Chapter VII of the 2014 Bankruptcy Law). 7. The case will then be converted into liquidation (where the assets would be sold as a going concern), taking the formal conversion and the organization and execution of the sale will take approximately 3 years (until the proceeds of the sale are finally distributed among creditors).
Cost (% of estate)	14.5	The costs associated with the case would amount to approximately 15% of the value of the debtor's estate. The costs incurred during the entire insolvency process mainly include court fees (0.03%), attorney fees (6%), insolvency representative fees (3%), fees of accountants, assessors, inspectors and other professionals (4%), auctioneer fees (1%), costs of publication and other fees (1%).
Recovery rate (cents on the dollar)		21.8

Details – Resolving Insolvency in Vietnam – Measure of Quality

	Answer	Score
Strength of insolvency framework index (0-16)		7.5
Commencement of proceedings index (0-3)		2.5
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(a) Debtor may file for both liquidation and reorganization	1.0
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(b) Yes, but a creditor may file for liquidation only	0.5
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework?	(a) Debtor is generally unable to pay its debts as they mature	1.0
Management of debtor's assets index (0-6)		3.0
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	No	0.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	Yes	1.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	No	0.0
Does the insolvency framework assign priority to post-commencement credit?	(c) No priority is assigned to post-commencement creditors	0.0
Reorganization proceedings index (0-3)		2.0
Which creditors vote on the proposed reorganization plan?	(c) Other	1.0
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	No	0.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	Yes	1.0
Creditor participation index (0-4)		0.0

Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	No	0.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	No	0.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	No	0.0

Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice".

Labor Market Regulation

Doing Business presents the data for the labor market regulation indicators in an annex. The report does not present rankings of economies on these indicators or include the topic in the aggregate distance to frontier score or ranking on the ease of doing business. Detailed data collected on labor market regulation are available on the Doing Business website (<http://www.doingbusiness.org/data/exploretopics/labor-market-regulation>).

The most recent round of data collection was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the probationary period; (iv) minimum wage.

Working hours

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) whether nonpregnant and nonnursing women can work same night hours as men; (v) length of paid annual leave.

Redundancy rules

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

Redundancy cost

(i) notice period for redundancy dismissal; (ii) severance payments due when terminating a redundant worker.

Job quality

(i) whether law mandates equal remuneration for work of equal value and nondiscrimination based on gender in hiring; (ii) whether law mandates paid or unpaid maternity leave; (iii) length of paid maternity leave; (iv) whether employees on maternity leave receive 100% of wages; (v) availability of five fully paid days of sick leave a year; (vi) eligibility requirements for unemployment protection.

Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

The worker:

- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

The business:

- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

Details – Labor Market Regulation in Vietnam

	Answer
Hiring	
Fixed-term contracts prohibited for permanent tasks?	No
Maximum length of a single fixed-term contract (months)	36.0
Maximum length of fixed-term contracts, including renewals (months)	72.0
Minimum wage applicable to the worker assumed in the case study (US\$/month)	168.4
Ratio of minimum wage to value added per worker	0.7
Maximum length of probationary period (months)	1.0
Working hours	
Standard workday	8.0
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	30.0
Premium for work on weekly rest day (% of hourly pay)	0.0
Premium for overtime work (% of hourly pay)	50.0
Restrictions on night work?	No
Whether nonpregnant and nonnursing women can work the same night hours as men	Yes
Restrictions on weekly holiday?	No
Restrictions on overtime work?	No
Paid annual leave for a worker with 1 year of tenure (working days)	12.0
Paid annual leave for a worker with 5 years of tenure (working days)	13.0
Paid annual leave for a worker with 10 years of tenure (working days)	14.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	13.0
Redundancy rules	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	No
Third-party approval if one worker is dismissed?	No
Third-party notification if nine workers are dismissed?	Yes
Third-party approval if nine workers are dismissed?	Yes

Retraining or reassignment obligation before redundancy?	Yes
Priority rules for redundancies?	No
Priority rules for reemployment?	No
Redundancy cost	
Notice period for redundancy dismissal for a worker with 1 year of tenure	0.0
Notice period for redundancy dismissal for a worker with 5 years of tenure	0.0
Notice period for redundancy dismissal for a worker with 10 years of tenure	0.0
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	0.0
Severance pay for redundancy dismissal for a worker with 1 year of tenure	8.7
Severance pay for redundancy dismissal for a worker with 5 years of tenure	21.7
Severance pay for redundancy dismissal for a worker with 10 years of tenure	43.3
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	24.6
Job quality	
Equal remuneration for work of equal value?	Yes
Gender nondiscrimination in hiring?	Yes
Paid or unpaid maternity leave mandated by law?	Yes
Minimum length of maternity leave (calendar days)?	180.0
Receive 100% of wages on maternity leave?	Yes
Five fully paid days of sick leave a year?	Yes
Unemployment protection after one year of employment?	Yes
Minimum contribution period for unemployment protection (months)?	12.0

Business Reforms in Vietnam

In the year ending June 1, 2017, 119 economies implemented 264 total reforms across the different areas measured by Doing Business. Doing Business has recorded more than 2,900 regulatory reforms making it easier to do business since 2004. Reforms inspired by Doing Business have been implemented by economies in all regions. The following are the reforms for Vietnam implemented since Doing Business 2008.

✓ = Doing Business reform making it easier to do business. ✗ = Change making it more difficult to do business.

DB2018

- ✓ **Getting Electricity:** Vietnam increased the reliability of power supply by rolling out a Supervisory Control and Data Acquisition (SCADA) automatic energy management system for the monitoring of outages and the restoration of service.
- ✓ **Getting Credit:** Vietnam strengthened access to credit by adopting a new civil code that broadens the scope of assets that can be used as collateral.
- ✓ **Paying Taxes:** Vietnam made paying taxes easier by abolishing the 12-month mandatory carry forward period for VAT credit and by introducing an online platform for filing social security contributions.
- ✓ **Trading across Borders:** Vietnam made exporting and importing easier by upgrading the automated cargo clearance system and extending the operating hours of the customs department.
- ✓ **Enforcing Contracts:** Vietnam made enforcing contracts easier by adopting a new code of civil procedure and by introducing a consolidated law on voluntary mediation.

DB2017

- ✗ **Starting a Business:** Vietnam made starting a business more difficult by requiring entrepreneurs to receive approval of the seal sample before using it.
- ✓ **Protecting Minority Investors:** Vietnam strengthened minority investor protections by making it easier to sue directors in cases of prejudicial transactions between interested parties, by increasing shareholder rights and role in major corporate decisions, by strengthening the ownership and control structures of companies and by increasing corporate transparency requirements.
- ✓ **Paying Taxes:** Vietnam made paying taxes easier and less costly by streamlining the administrative process of complying with tax obligations and abolishing environmental protection fees.
- ✓ **Trading across Borders:** Vietnam made exporting and importing easier by implementing electronic customs clearance system.

DB2016

- ✓ **Starting a Business:** Vietnam made starting a business easier by reducing the time required to get the company seal engraved and registered.
- ✓ **Getting Electricity:** The utility in Vietnam reduced the time required for getting an electricity connection by reducing delays and increasing efficiency in approving connection applications and designs for connection works. Getting electricity was also made easier by eliminating the need to obtain a substation certification from the Fire Fighters Prevention Department for connections to the medium-voltage grid.
- ✓ **Getting Credit:** Vietnam guaranteed borrowers' right to inspect their credit data while the new credit bureau expanded borrower coverage, improving the credit information system.
- ✓ **Paying Taxes:** Vietnam made paying taxes less costly for companies by reducing the corporate income tax rate—and made it easier by reducing the number of procedures and documents for filing VAT and social security contributions, reducing the number of filings for VAT and replacing quarterly filings of corporate income tax with quarterly advance payments. On the other hand, Vietnam increased the rate for social security contributions paid by employers.
- ✓ **Resolving Insolvency:** Vietnam made resolving insolvency easier by clarifying and simplifying provisions on liquidation and reorganization, modifying the standard for commencement of insolvency proceedings, changing provisions on voidable transactions, regulating the profession of insolvency trustees and establishing the rules for enterprise asset managers.

DB2015

- ✓ **Getting Credit:** Vietnam improved its credit information system by establishing a new credit bureau.
- ✓ **Paying Taxes:** Vietnam made paying taxes less costly for companies by reducing the corporate income tax rate.

DB2014

- ✓ **Getting Credit:** Vietnam improved its credit information system through a decree setting up a legal framework for the establishment of private credit bureaus.
 - ✓ **Protecting Minority Investors:** Vietnam strengthened investor protections by introducing greater disclosure requirements for publicly held companies in cases of related-party transactions.
 - ✗ **Paying Taxes:** Vietnam made paying taxes more costly for companies by increasing employers' social security contribution rate.
- Labor Market Regulation:** Vietnam abolished priority rules for redundancy dismissals or layoffs and increased the minimum wage.

DB2013

- ✓ **Starting a Business:** Vietnam made starting a business easier by allowing companies to use self-printed value added tax invoices.

DB2012

- ✓ **Protecting Minority Investors:** Vietnam strengthened investor protections by requiring higher standards of accountability for company directors.

DB2011

- ✓ **Starting a Business:** Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing.
- ✓ **Dealing with Construction Permits:** Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment.
- ✓ **Getting Credit:** Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.
- ✓ **Paying Taxes:** The government of Vietnam eased paying taxes by reducing corporate income tax rate.

DB2010

- ✓ **Paying Taxes:** Vietnam made paying taxes less costly for companies by reducing the corporate income and value added tax rates and eliminating the surtax on income from the transfer of land use rights.
- ✓ **Trading across Borders:** Vietnam reduced the time for exporting and importing by implementing World Trade Organization rules for customs administration; increasing competition in the logistics industry also helped reduce delays.

DB2009

- ✓ **Getting Credit:** Vietnam's public credit registry extended the coverage of historical credit information that it distributes from 2 years to 5, expanding its coverage of individuals and firms.

DB2008

- ✓ **Getting Credit:** Vietnam strengthened its secured transactions system by expanding the range of assets that can be used as collateral and allowing a general description of collateral in the security agreement.
- ✓ **Protecting Minority Investors:** Vietnam strengthened investor protections by increasing disclosure requirements for both regular and related-party transactions.

Doing Business 2018 is the 15th in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. The report provides quantitative indicators covering 11 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.



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