

Tricor Group Overview

tricor

1,500+
Hong Kong-listed
companies

>40%
Fortune Global
500 companies

500+
Singapore and
Malaysia-listed
companies

47 cities across **21** markets

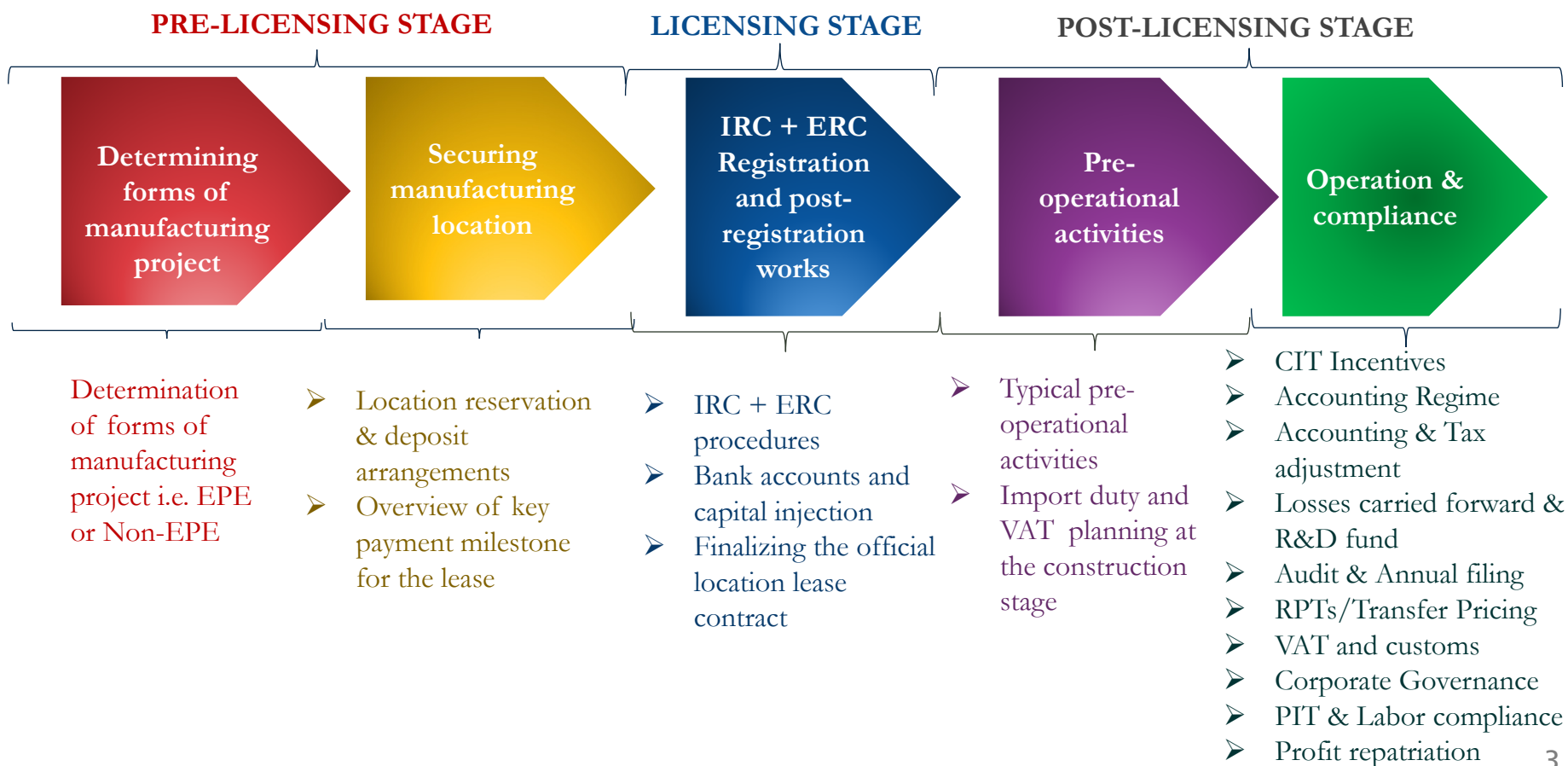


ABBREVIATIONS

CIT: Corporate Income Tax
COA: Chart of Accounts
EBIT: Earnings Before Interest, Taxes
EPE: Export-Processing Enterprise
EPZ: Export-Processing Zone
ERC: Enterprise Registration Certificate
FIE: Foreign Invested Enterprise
G&A: General & Administration
IRC: Investment Registration Certificate
IZ: Industrial Zone
M&E: Machine & Equipment
PIT: Personal Income Tax
R&D: Research & Development
RPTs: Related Party Transactions
TP: Transfer Pricing
VAS: Vietnamese Accounting Standard
VAT: Value Added Tax
VND: Vietnam Dong

Roadmap for setting up and operating a manufacturing company in Vietnam

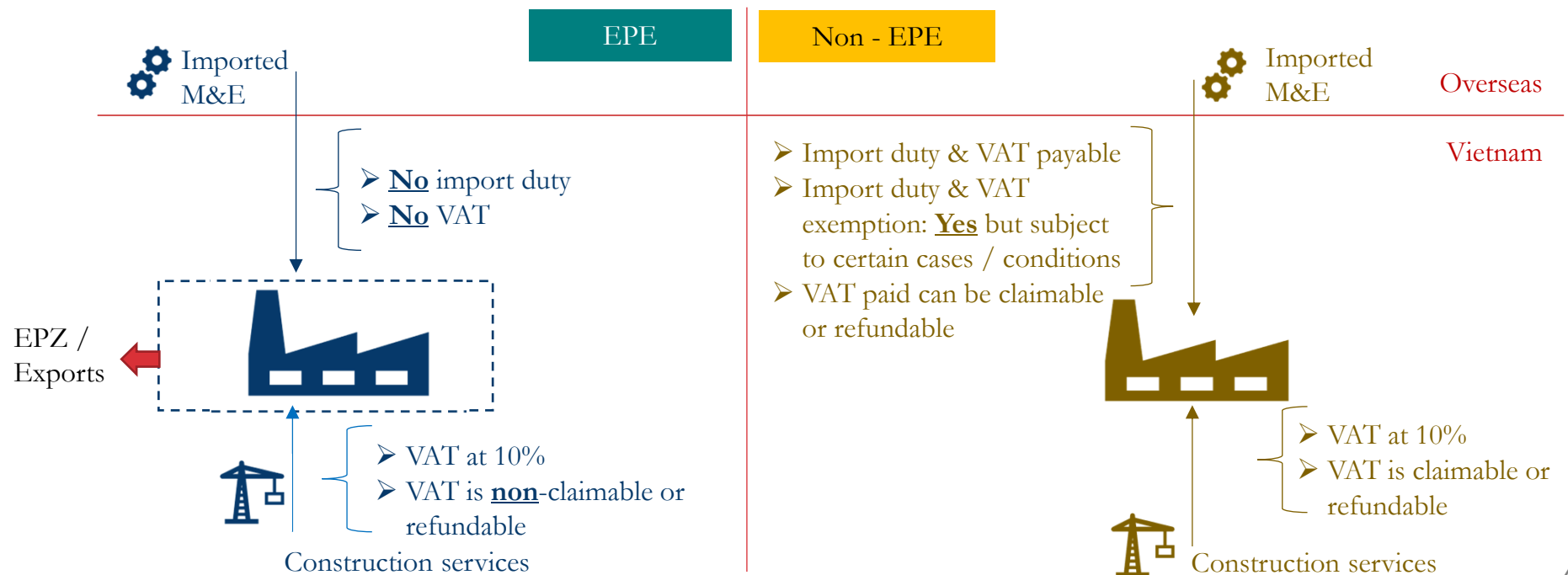
tricolor



Import duty and VAT planning at the construction stage



Customs duty and VAT for importation of M&E and rendered constructions services shall vary depend on the type of the manufacturing enterprises i.e. EPE or non-EPE status, specifically:



CIT incentives



CIT incentives are available for manufacturing project depending on how the project satisfy statutory conditions on location(s), sector(s) and its scale. CIT incentives are for both newly set-up project and expansion project. Typical CIT incentives in Vietnam are as follows:



CIT incentive rates

10% or 17% in the entire project duration

10% in 15 years

17% in 10 years

OR /
AND



CIT holiday

Exemption: 4 years & 50% reduction: 9 subsequent years

Exemption: 4 years & 50% reduction: 5 subsequent years

Exemption: 2 years & 50% reduction: 4 subsequent years



- Encouraged locations; and/or
- Encouraged sector(s); and/or
- Scale and performance

Due to variety of incentive types and inconsistent applications in different locations, frequent consultation with tax advisors/experts on this matter is advised

Setting up and registering accounting & invoicing regime



The new FIE is required to set up its accounting regime in accordance with Vietnamese Accounting Standard [“VAS”] and prevailing accounting regulations of Vietnam. A typical accounting compliance set-up for a manufacturing company comprise of the following tasks:



Appointing Chief Accountant



Setting up Chart of Accounts [“COA”]
(localizing the accounts in accordance
with Vietnamese accounting regulations)



Setting up & localizing
accounting software, system



Functionalizing accounting divisions
e.g. inventory, payable, receivables, etc.



Setting up and registering E-invoice
system with tax authorities



Registering customs accounts,
e-customs filing



Registering its fiscal year e.g. calendar
year with the tax authorities



Registering if using other currency
than VND for accounting purpose



Registering depreciation
method

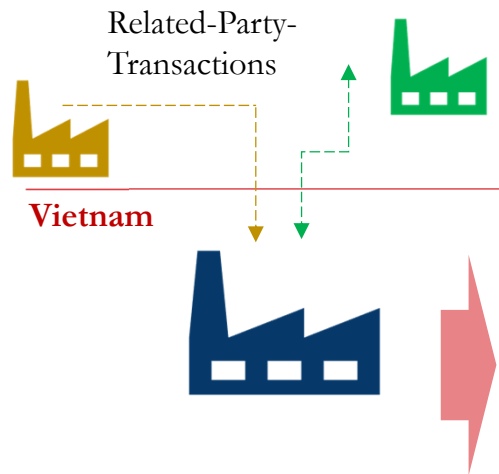


Setting up and registering quantum
of material consumption and
inventory method

Related Parties Transactions/Transfer Pricing



Prevailing regulations on transfer pricing of Vietnam requires the Company to disclose its related party transactions in the fiscal year at the same time with submission of annual CIT returns. Depending on certain factors, the Company shall be required to prepare **a single disclosure form or a full set of TP documentation**.



RPTs simple disclosure:

- Disclosure form

RPTs full disclosure:

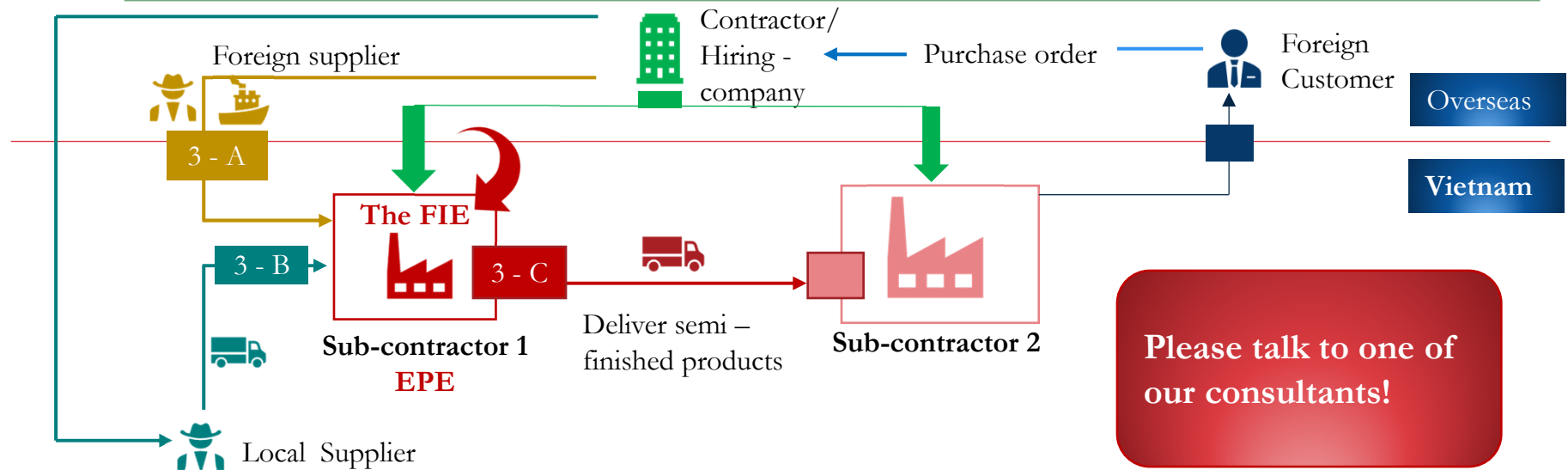
- Disclosure forms (form 01 – 04)
- Master file
- Local file
- Country-by Country report

- Total revenue: <VND50 billion & Related Party-Transactions: < VND30 billion; OR
- Signed Advance Pricing Agreement with tax authorities; OR
- Performing simple business function & having no revenue/expense from intangible asset & revenue < VND 200 billion & ratio EBIT over NET REVENUE of: $\geq 5\%$ [for distribution], $\geq 10\%$ [for manufacturing], $\geq 15\%$ [for processing activities]

Example of Case Study / Assignment : Customs duty, VAT, C/O and procedures

Case 3

- i. The FIE, **as an EPE**, signs a manufacturing contract **as the sub-contractor 1** with a foreign hiring-company.
- ii. The foreign hiring-company shall supply material via purchasing from both overseas and local suppliers to the subcontractor 1
- iii. The sub-contractor 1 shall produce and deliver semi-finished products to the sub-contractor 2
- iv. The sub-contractor 2 shall continue to produce finished products and export to the foreign Customer





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