

VIETNAM

2022



VDB | *Loi*
Legal and tax

Vietnam continues to be one of the most attractive investment jurisdictions in Asia.

ENERGY SECTOR

Vietnam aims to further increase the share of clean energy phase out coal-fueled power generation and eventually reach net zero emissions.

The Power Development Plan VIII is in the process of being finalized by the government. It focuses on the development of various power sources and of the transmission power grids within the country, as well as on increasing connectivity of the national grids with those in neighboring countries. Particular priority is given to increase of the share of renewables, including offshore wind. Various tax, land use and other incentives are envisaged for the investments into renewables sector.

PANDEMIC MEASURES

Authorities quickly responded to an outbreak that concentrated in April 2021, and launched the national vaccination campaign, upon results of which approximately 80% of population is already fully vaccinated.

ECONOMY GROWTH

Vietnam's economy is generally projected to grow in 2022. This is on the basis of expectation of taking control over pandemic both at international level and within the country. It can also be anticipated that travel and health restrictions will be further liberalized, as evidence by the substantial simplification of inbound travel into Vietnam in March – April 2022.

This should form a strong basis for recovery in the services and tourism sector.

PLAN OF DIGITAL TRANSFORMATION ON NATIONAL LEVEL

Since 2022, Vietnam targets for promoting digital transformation across all industries on a national scale. Year 2022 will be the first year of implementing new strategies on digital infrastructure, data, technology industry and technology enterprise.

According to a report on Vietnam's digital potential conducted by strategic economics consultancy company AlphaBeta, digital technology, if exploited to the maximum, could deliver economic value of up to 74 billion USD for Vietnam by 2030, equivalent to 27 percent of the country's GDP in 2020.

The report identifies eight key technologies for the digital economy in Vietnam: mobile Internet, cloud computing, big data, artificial intelligence (AI), financial technology (Fintech), Internet of Things (IoT) and remote sensing, advanced robotics and additive manufacturing.

FOREIGN DIRECT INVESTMENTS

FDIs continue to grow, in particular into manufacturing sector and electricity generation facilities.

BANKING

Although NPLs ratios continue to require particular management and attention (in line with the general trend internationally in the pandemic realities), profitability levels of banks remain stable.

TAX

In April 2022 government of Vietnam has approved a strategy for tax reform until 2030 to modernize the country's tax sector in line with global practices. The tax strategy is aimed at increase the use of digital applications and at simplifying administrative procedures and reducing compliance costs for both corporates and individuals.



VDB LOI IN VIETNAM

VDB Loi has been operating in Vietnam since **2013**. Our practice concentrates on the natural synergies that exist between legal and tax. We solve our clients' issues by knowing their business, their industry and seeing the broad picture of doing business in Vietnam.

A combination of Vietnamese and international experts in our team allows us to provide in-depth local law and tax advice that takes into account modern international standards and approaches, thus anticipating clients' expectations and helping them reach their goals in the most efficient manner.

Our advice is relied upon by international and development financial institutions for some of the region's largest ever financing transactions. Multinationals often choose us for multibillion dollar investment projects in a wide range of sectors.

We have particularly strong expertise in Energy and Infrastructure, Project Finance, Real Estate, TMT, and Tax practices. VDB Loi also provides on-going support to its clients at all stages of their investments in Vietnam, from initial market entry, business set up, obtaining regulatory approvals, to continued compliance with reporting and filing requirements.

KEY CONTACTS IN VIETNAM



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SELECTED EXPERIENCE IN VIETNAM

ENERGY AND INFRASTRUCTURE

Siemens AG (Germany). Advised on the US\$400 million project financing and construction of the 750MW Phu My 3 gas-fired power plant in Vietnam.

China Southern Power Grid. Advised on Vietnam licensing and regulatory requirements applicable to the development of a US\$1.75B coal-fired power plant.

AIG International (Singapore). Provided Vietnamese law advice on the project risks of construction of the 715MW Phu My 2.2 BOT gas-fired power plant.

GE International (USA). Advised on the legal framework for energy and infrastructure projects in Vietnam.

USAID. Provided advice on Vietnamese BOT-projects legislation.

World Bank. Provided advice on a standardized PPA template to be adapted for power projects in Vietnam.

TMT

Microsoft Corporation (Singapore). Advised on Vietnamese law legal framework for implementing a new software product in Vietnam.

Facebook. Advised on the legal framework for the provision of cross-border services in Vietnam, our assistance included advising on the regulatory and tax implications of the services.

NewsCorp (Singapore). Advised on the legal framework for mobile phone services in Vietnam, and for the related marketing activities.

OCK. Assisted in proposed acquisition of Southeast Asia Telecommunications Holdings Pte Ltd in Vietnam.

REAL ESTATE

Keppel Land. Advised on the legal and tax aspects of its various real estate development projects in Vietnam.

Leading Malaysian property developer. Advised client on the legal and tax issues regarding its development project in Vietnam.

International airport in HCMC. Advised a four-member Japanese consortium on the legal issues related to construction in Vietnam.

BANKING AND FINANCE

Leading international power developer. Advising client on Vietnam and Cambodian law aspects of a project to construct a sub-sea transmission cable passing through territorial waters and exclusive economic zones of several countries in Southeast Asia.

International lender. Advising client as Vietnamese counsel in connection with US\$1 billion bilateral loan facility to a major steel corporation borrower.

Large Asia-headquartered commercial bank. Acting as Vietnamese legal counsel on a US\$500 million financing of a large iron and steelmaking plant at a deep-water port in Vietnam.

Major European packaging manufacturer. Assisted the client with its loan restructuring exercise.

Société Générale (SocGen). Representing client in connection with a finance transaction in Vietnam.

Syndication of major Taiwanese banks. Advising in relation to the large-scale syndicated facility granted to the Vietnamese subsidiary of a major Taiwanese petrochemical group.

Vietnamese subsidiary of a major international commercial bank. On the country Legal Panel for Vietnam.



M&A AND CORPORATE

Cayman Islands company/cruise line. Represented the client on the sale and transfer of all of its shares in a HK holding company that owns the Vietnamese operator of a luxury boat cruise line in Ha Long Bay

China Power International Holding (HK). Performed due diligence for an international investor who was considering to acquire a solar park in Vietnam.

Cong Ty Co Phan Thap Phuong Dong. Providing general advice on Vietnam corporate laws; support with a share transfer transaction and security arrangements for a loan transaction.

Dutch investor. Acted on the sale of its over 60% shareholding in a joint venture real estate company to its Vietnamese partner.

French investor/joint venture. Acted as Vietnamese counsel on setting up with a French partner of a Vietnamese entity, and on subsequent acquisition of its partner's 50% stake in such Vietnamese entity (currently operating a leather tannery factory in Long Thanh Industrial Park).

Leading international investment fund. Acted on the US\$40 million acquisition of a majority interest (through acquisition of both share and loan capital) of a holding company that owns a renowned landmark hotel in Hanoi.

Leading international telecommunication company. Acting as Vietnamese counsel in connection with a multi-million acquisition of several tower companies

Major European insurance company. Acting on the preparation of its offer to acquire an over 15% stake in the share capital of the second largest non-life insurance company in Vietnam, within the framework of a private placement.

TAXATION

AirAsia Berhad. Provided tax compliance advice in Vietnam.

Andritz Hydro GmbH. Advice on tax matters in Vietnam; labor issues advice; support on tax aspects of structuring cross-border transactions.

BlueFox S.A. Provided general tax advice and tax planning for Vietnam.

ENTOBEL Holding Pte. Ltd. Tax compliance advice in Vietnam.

Leading international management advisory firm. Advice on permanent establishment and tax laws in Vietnam.

OCK Group Berhad. Advice on tax reporting and filing obligations in Vietnam; support client in preparation and submission of applicable declarations.

PESTECH Vietnam Company Limited. Tax advisory in connection with regular reporting requirements.

PetroVietnam Drilling & Well service corporation. Legal and tax advisory in Vietnam.

SCG Building Materials Co., Ltd. Advice on withholding, dividend and other taxes in Vietnam.

**This publication does not represent legal advice. VDB Loi is represented in Vietnam through Loi and Partners Law Company Limited.*





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