Taxation of Employee Income

Foreigners and Vietnamese nationals employed by a company with foreign invested capital or working under a business cooperation contract are required to pay personal income tax under Vietnamese law.

LABOUR

The labour force in Vietnam is estimated to be 30 million and is growing at an annual rate of 3.5 percent. These figures translate into about a million people entering the labour market every year. The labour force in Vietnam offers skilled, educated, and low-cost labour. The literacy rate is estimated to be well over 90 percent, which is much higher than most developing countries at similar stages of development.

Characteristics of the Vietnamese worker include craft skills, dexterity, ingenuity, and a tradition of work discipline. The resilience of the labour force has been demonstrated by the relative success of the country which has achieved significant national goals under very difficult economic and social conditions.

There exists an ample supply of labour; however, difficulties exist in recruiting trained professionals, technicians, and managers.

Recruiting Vietnamese Personnel

A foreign company is permitted to recruit its own Vietnamese employees through a variety of means. Employees may be introduced to the company by a labour agency such as the Foreign Service Company in Ho Chi Minh City or the Diplomatic Core Services Department in Hanoi, or introductions can be made by a government-owned investment service company.

If the agent or organization cannot meet your employee requirements, you may advertise and recruit directly as long as local employment agents are informed.

Labour relations between a foreign investment enterprise and Vietnamese employees must be regulated by individual labour contracts or a collective labour contract with a trade union. Every foreign investment enterprise employing Vietnamese must allow workers to establish a trade union. The enterprise may also have a combination of individual and collective agreements.

Employment of Foreign Personnel

Employment of foreign personnel will be allowed if the foreign investor is able to justify the need relative to the project in Vietnam. This will usually be done at the time of application for a business or investment license.

A foreign employee will be entitled to a multiple re-entry residence visa for a period that will not exceed one year, but can be extended every year for the duration of the project. Similar visas will be issued to foreign employee spouses and children.

Holders of a residence visa are entitled to free travel in the areas necessary for conducting business. They may also travel in other areas if authorized by the General Department of Tourism.

Foreign employees are guaranteed the right to repatriate their incomes abroad; however, they are subject to Vietnamese taxes and foreign exchange regulations.