

A World Bank Group Flagship Report

16TH EDITION

# DOING BUSINESS 2019

## Training for Reform

Economy Profile  
Vietnam



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

## ***Economy Profile of Vietnam***

*Doing Business 2019 Indicators  
(in order of appearance in the document)*

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

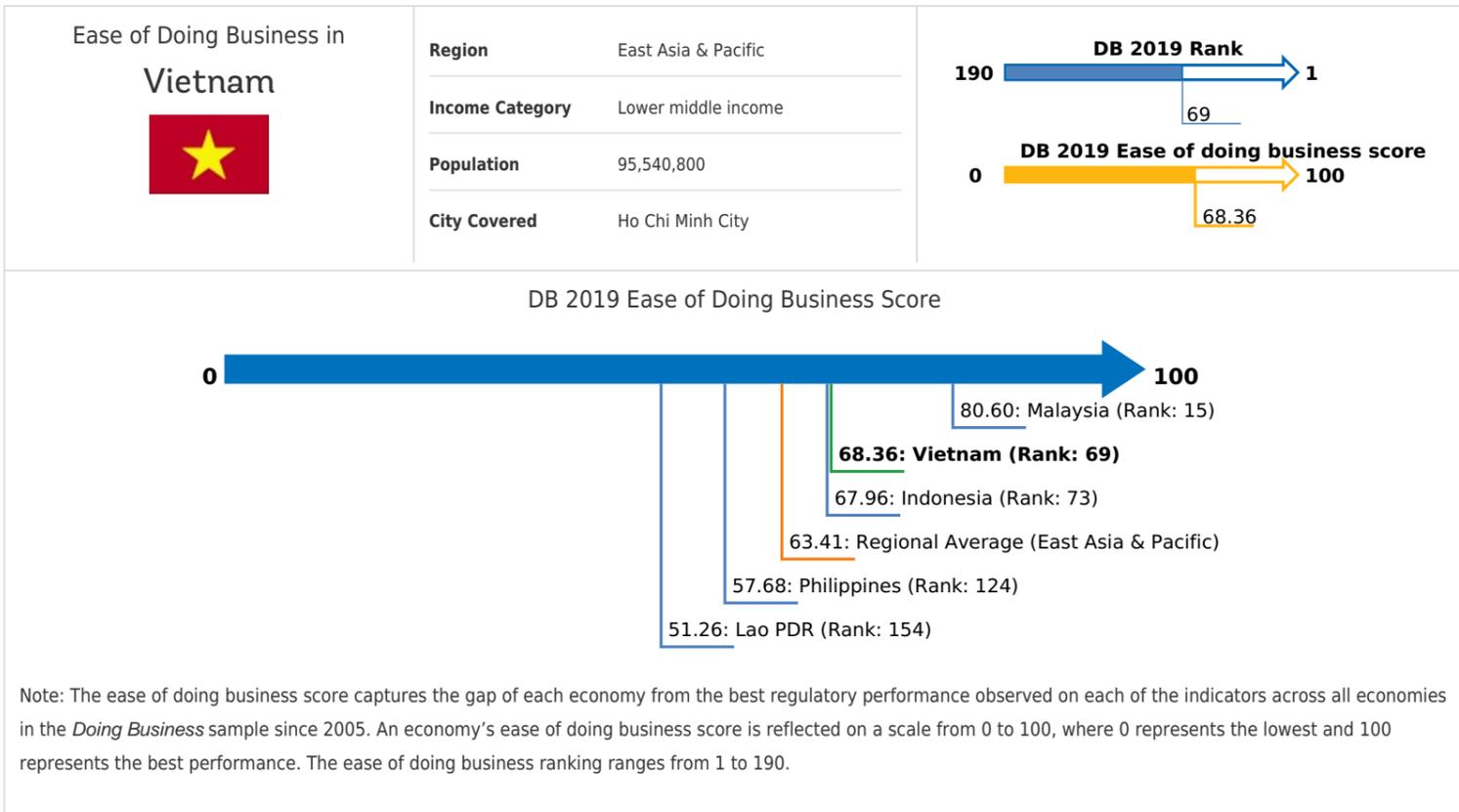
*Doing Business* captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority 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 ease of doing business 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.

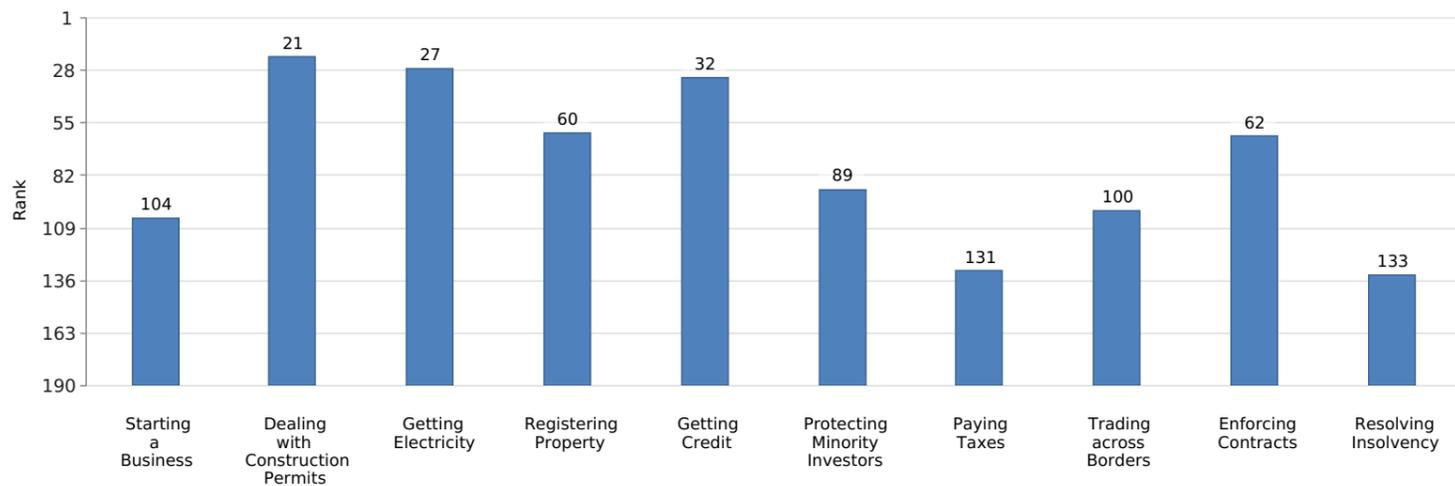
In addition, *Doing Business* offers detailed [subnational reports](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These reports provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in 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.

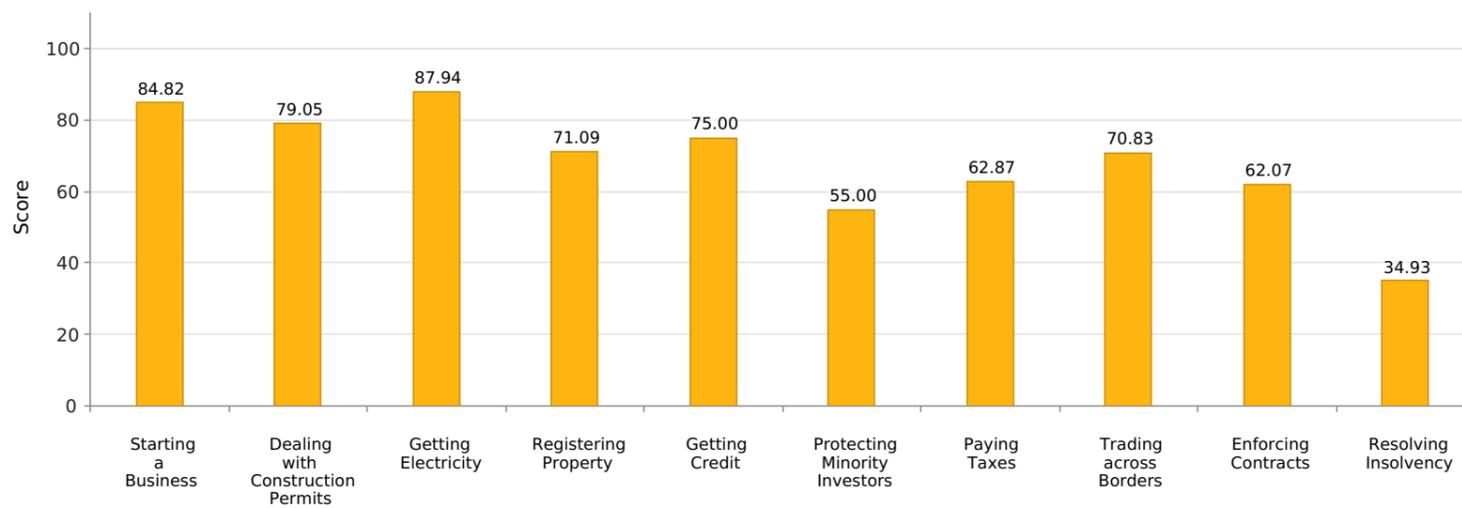
More about [Doing Business](#) (PDF, 5MB)



**Rankings on Doing Business topics - Vietnam**



**Ease of Doing Business Score on Doing Business topics - Vietnam**



## Starting a Business

This topic measures the number of procedures, time, cost and paid-in minimum capital requirement for a small- to medium-sized limited liability company to start up and formally operate in each 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 the 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 ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to legally start and formally operate a company (number)

- Preregistration (for example, name verification or reservation, notarization)
- Registration in the economy's largest business city
- Postregistration (for example, social security registration, company seal)
- Obtaining approval from spouse to start a business or to leave the home to register the company
- Obtaining any gender specific document for company registration and operation or national identification 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. For 11 economies the data are also collected for the second largest business city.
- The entire office space is approximately 929 square meters (10,000 square feet).
- Is 100% domestically owned and has five owners, none of whom is a legal entity; 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 the 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 that is 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.

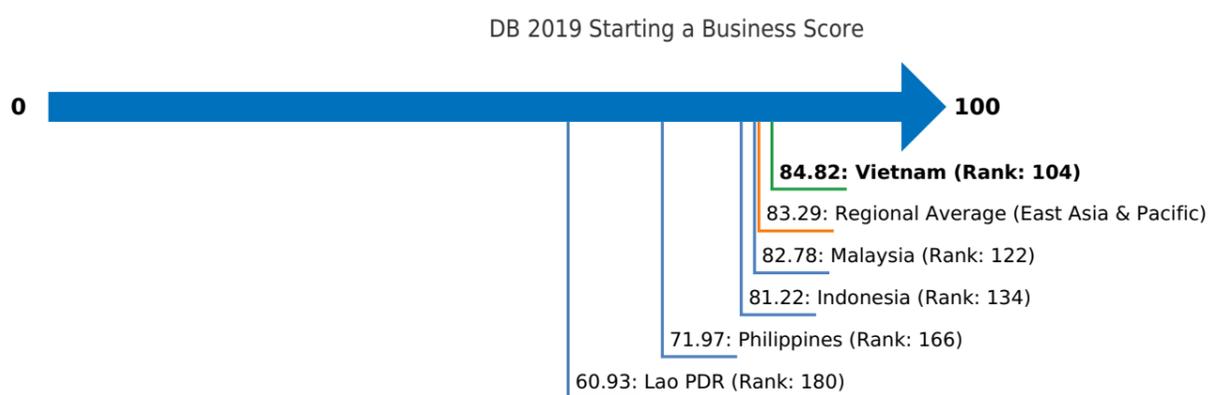
Starting a Business - Vietnam

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

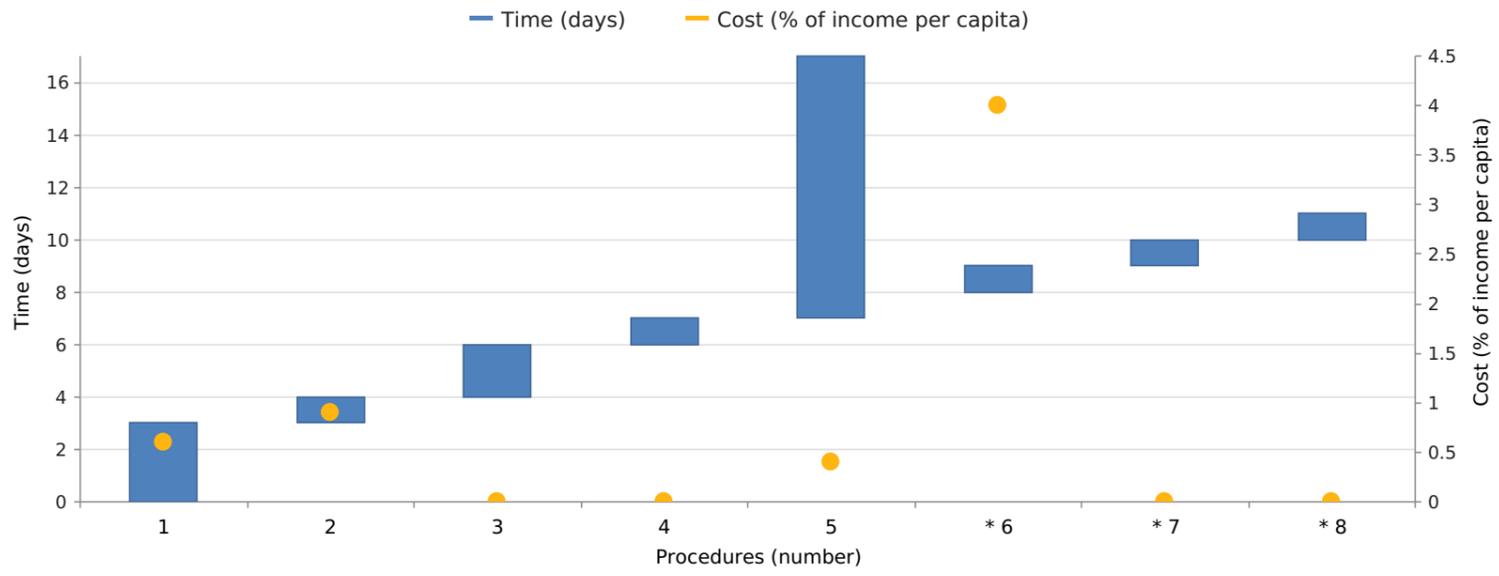
Indicator	Vietnam	East Asia & Pacific	OECD high income	Best Regulatory Performance
Procedure - Men (number)	8	6.8	4.9	1 (New Zealand)
Time - Men (days)	17	25.9	9.3	0.5 (New Zealand)
Cost - Men (% of income per capita)	5.9	17.8	3.1	0.0 (Slovenia)
Procedure - Women (number)	8	6.9	4.9	1 (New Zealand)
Time - Women (days)	17	26.0	9.3	0.5 (New Zealand)
Cost - Women (% of income per capita)	5.9	17.8	3.1	0.0 (Slovenia)
Paid-in min. capital (% of income per capita)	0.0	4.0	8.6	0.0 (117 Economies)

Figure - Starting a Business in Vietnam and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the 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://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

## Details - Starting a Business in Vietnam - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Check the proposed company name, obtain the certificates of business and tax registration and publish the registration contents on the National Business Registration Portal (NBRP)</b></p> <p><i>Agency</i> : Business Registration Office, Department of Planning &amp; Investment</p> <p>To register a company, the applicant must submit documents in accordance with Government Decree 78/2015/NĐ-CP on enterprise registration dated 14 September 2015.</p> <p>When the application file for enterprise registration fully satisfies the conditions for issuance of an enterprise registration certificate, the relevant information is 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> <p>Business registrations are free of charges if applied for online. The certificates of business and tax registration are either sent by post or collected at the Business Registration Office.</p> <p>Entrepreneurs also request the publication of the registration contents online, at the moment of business registration. 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.</p>	5 days	VND 100,000 (registration, free if online); VND 300,000 (publication)
2	<p><b>Make a company seal</b></p> <p><i>Agency</i> : Sealmaker</p> <p>The company obtains a company seal from a sealmaker. 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 450,000
3	<p><b>Submit an online notification of the seal-sample</b></p> <p><i>Agency</i> : Business Registration Office</p> <p>Entrepreneurs must submit an online notification of the seal-sample to the Business Registration Office, which will review the notification and send a receipt to the applicant 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>	2 days	no charge
4	<p><b>Open a bank account</b></p> <p><i>Agency</i> : Bank</p> <p>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.</p>	1 day	no charge
5	<p><b>Buy pre-printed VAT invoices from the Municipal Taxation Department or obtain and print self-printed VAT invoices</b></p> <p><i>Agency</i> : Municipal Taxation Department</p> <p>Companies shall use self-printed VAT invoices or purchase VAT invoices. The applicant must contact a publisher to order the printing of VAT Invoice Books and must register the self-printed invoices with the Municipal Taxation Department.</p> <p>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.</p> <p>In total, it takes about 10 days to obtain the self-printed VAT invoices and have them registered with the Municipal Taxation Department.</p>	10 days, simultaneous with previous procedure	about VND 200,000 per book

⇒ 6	<p><b>Pay business license tax</b>  <i>Agency</i> : Tax office or commercial bank  The business license tax must be paid to the tax authority where the enterprise registers its tax reports or through designated commercial banks. This license tax is paid annually and in the first month of a year (with regards to enterprises already operating) and in the month when the newly established enterprise obtains the tax code. A new company established during the first 6 months of the year shall pay the entire annual business license tax. If it was established during the last 6 months, it must pay 50% of the annual license tax.</p> <p>According to Article 4 of Circular 302/2016/TT-BTC, the business license tax depends on the charter capital of the enterprise as follows:</p> <ul style="list-style-type: none"> <li>- An enterprise with charter capital above VND 10 billion: VND 3,000,000 per year;</li> <li>- An enterprise with charter capital of VND 10 billion or less: VND 2,000,000 per year;</li> <li>- Branches, representative offices, business locations, business units, other economic organizations: VND 1,000,000 per year.</li> </ul>	1 day, simultaneous with previous procedure	VND 2,000,000 (business license tax)
⇒ 7	<p><b>Register with the local labor office to declare use of labor</b>  <i>Agency</i> : Municipal Department for Labor, Invalids and Social Affairs  Within 30 days of starting operations, employers must register all employees and their qualifications with the Labor Office (in conformity with set forms). The relationship between the employer and its employees is regulated by the Labor Code and set forth in labor contracts.</p>	1 day, simultaneous with previous procedure	no charge
⇒ 8	<p><b>Register employees with the Social Insurance Fund for the payment of health insurance and social insurance</b>  <i>Agency</i> : Social Insurance Fund  The company must register employees with the Social Insurance Fund. The employer must complete a form provided by the Social Insurance Fund 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.</p> <p>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.</p>	1 day, simultaneous with previous procedure	no charge

⇒ 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 May 2018. [See the methodology for more information](#)

What the indicators measure	Case study assumptions
<p><b>Procedures to legally build a warehouse (number)</b></p> <ul style="list-style-type: none"> <li>• Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates</li> <li>• Submitting all required notifications and receiving all necessary inspections</li> <li>• Obtaining utility connections for water and sewerage</li> <li>• Registering and selling the warehouse after its completion</li> </ul>	<p>To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.</p>
<p><b>Time required to complete each procedure (calendar days)</b></p> <ul style="list-style-type: none"> <li>• Does not include time spent gathering information</li> <li>• Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule</li> <li>• Procedure is considered completed once final document is received</li> <li>• No prior contact with officials</li> </ul>	<p><b>The construction company (BuildCo):</b></p> <ul style="list-style-type: none"> <li>- 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.</li> <li>- 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.</li> <li>- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.</li> </ul>
<p><b>Cost required to complete each procedure (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Official costs only, no bribes</li> </ul>	<p><b>The warehouse:</b></p> <ul style="list-style-type: none"> <li>- Will be used for general storage activities, such as storage of books or stationery.</li> <li>- 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.</li> <li>- 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.</li> <li>- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).</li> </ul>
<p><b>Building quality control index (0-15)</b></p> <ul style="list-style-type: none"> <li>• Quality of building regulations (0-2)</li> <li>• Quality control before construction (0-1)</li> <li>• Quality control during construction (0-3)</li> <li>• Quality control after construction (0-3)</li> <li>• Liability and insurance regimes (0-2)</li> <li>• Professional certifications (0-4)</li> </ul>	<p><b>The water and sewerage connections:</b></p> <ul style="list-style-type: none"> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> </ul>

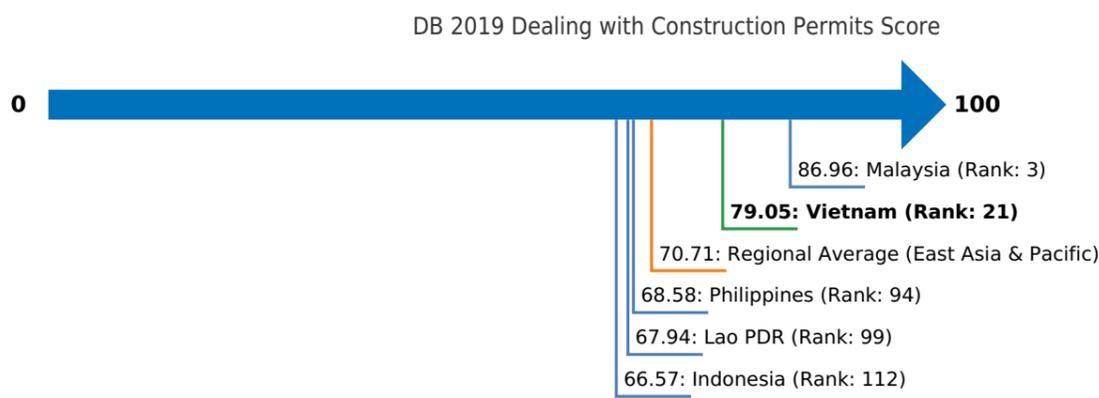
Dealing with Construction Permits - Vietnam

Standardized Warehouse

Estimated value of warehouse	VND 2,501,628,271.60
City Covered	Ho Chi Minh City

Indicator	Vietnam	East Asia & Pacific	OECD high income	Best Regulatory Performance
Procedures (number)	10	15.1	12.7	None in 2017/18
Time (days)	166	133.5	153.1	None in 2017/18
Cost (% of warehouse value)	0.7	1.9	1.5	None in 2017/18
Building quality control index (0-15)	12.0	9.1	11.5	15.0 (3 Economies)

Figure - Dealing with Construction Permits in Vietnam and comparator economies - Ranking and Score



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

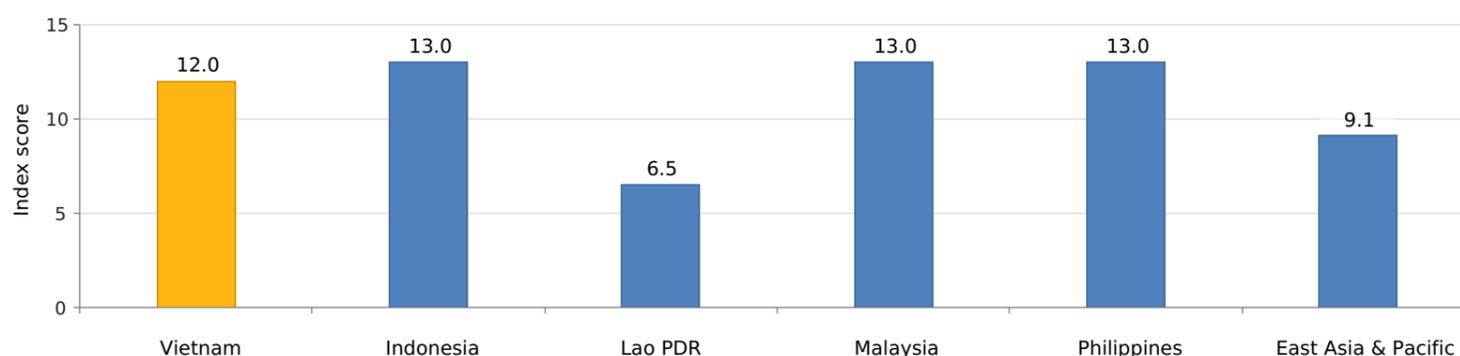
Figure - Dealing with Construction Permits in Vietnam - Procedure, Time and Cost



\*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://doingbusiness.org/en/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.	Procedures	Time to Complete	Associated Costs
1	<p><b>Obtain the certification of the designs from the Police Department for Fire Fighting and Fire Prevention of Ho Chi Minh City</b></p> <p><i>Agency</i> : 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.</p> <p>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 222,145
2	<p><b>Request and obtain construction permit from the (District) Department of Construction of Ho Chi Minh City</b></p> <p><i>Agency</i> : Department of Construction of Ho Chi Minh City (Municipality)</p> <p>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:</p> <p>a) Application for issuance of building permit (standard form)</p> <p>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.</p> <p>c) Two sets of design drawings, each of which includes:</p> <ul style="list-style-type: none"> <li>- Drawing of the works position on the land lot with a scale of 1/100 - 1/500, together with the outline of works position;</li> <li>- Drawing of surface, main elevation and section of the works with a scale of 1/50 - 1/200;</li> <li>- 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.</li> </ul> <p>If deemed necessary, the Construction Office consults any of the following related offices:</p> <ul style="list-style-type: none"> <li>• Office of the Chief Architect</li> <li>• Office for Land Planning</li> <li>• Office for Land Management</li> <li>• Department of Culture</li> <li>• Department of Health</li> <li>• Department of Natural Resources and Environment</li> <li>• Fire Protection Office</li> <li>• Department of Public Traffic and Transportation</li> <li>• Local National Defense Office</li> </ul> <p>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).</p>	82 days	VND 100,000

3	<p><b>Notify the Department of Construction about the commencement of construction and receive inspection</b></p> <p><i>Agency</i> : 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>	1 day	no charge
4	<p><b>Request and receive inspection from the municipality after completion of foundation works</b></p> <p><i>Agency</i> : 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
5	<p><b>Request and receive inspection from the municipality upon completion of building surroundings</b></p> <p><i>Agency</i> : 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
6	<p><b>Request water and sewage connection</b></p> <p><i>Agency</i> : 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"> <li>• The application form (available at the water company)</li> <li>• A notarized copy of the business registration certificate of BuildCo</li> <li>• A certified copy of the land use right certificate or the construction permit</li> </ul> <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
7	<p><b>Receive inspection by water company</b></p> <p><i>Agency</i> : Ho Chi Minh City Water Supply Company</p>	1 day	no charge
8	<p><b>Connect to water and sewage services</b></p> <p><i>Agency</i> : Ho Chi Minh City Water Supply Company</p>	14 days	no charge
9	<p><b>Notify and receive inspection from the municipality after completion of building</b></p> <p><i>Agency</i> : 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	<p><b>Register the building at the Department of National Resources and Environment</b></p> <p><i>Agency</i> : Department of National Resources and Environment</p> <p>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 500,000.00 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.</p> <p>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.</p>	30 days	VND 13,008,141

→ Takes place simultaneously with previous procedure.

## Details - Dealing with Construction Permits in Vietnam - Measure of Quality

	Answer	Score
<b>Building quality control index (0-15)</b>		<b>12.0</b>
<b>Quality of building regulations index (0-2)</b>		<b>2.0</b>
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
<b>Quality control before construction index (0-1)</b>		<b>1.0</b>
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
<b>Quality control during construction index (0-3)</b>		<b>2.0</b>
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
<b>Quality control after construction index (0-3)</b>		<b>3.0</b>
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
<b>Liability and insurance regimes index (0-2)</b>		<b>0.0</b>
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
<b>Professional certifications index (0-4)</b>		<b>4.0</b>
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; 2.0  
University degree in engineering, construction or construction management;  
Being a registered architect or engineer;  
Passing a certification exam.

## ⚡ 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 May 2018. [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 ease of doing business score nor the ranking on the ease of getting electricity.

### Case study assumptions

To make the data comparable across economies, several assumptions about the warehouse, the electricity connection and the monthly consumption 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 January of the current year are used for calculation of the price of electricity for the warehouse. Although January has 31 days, for calculation purposes only 30 days are used.

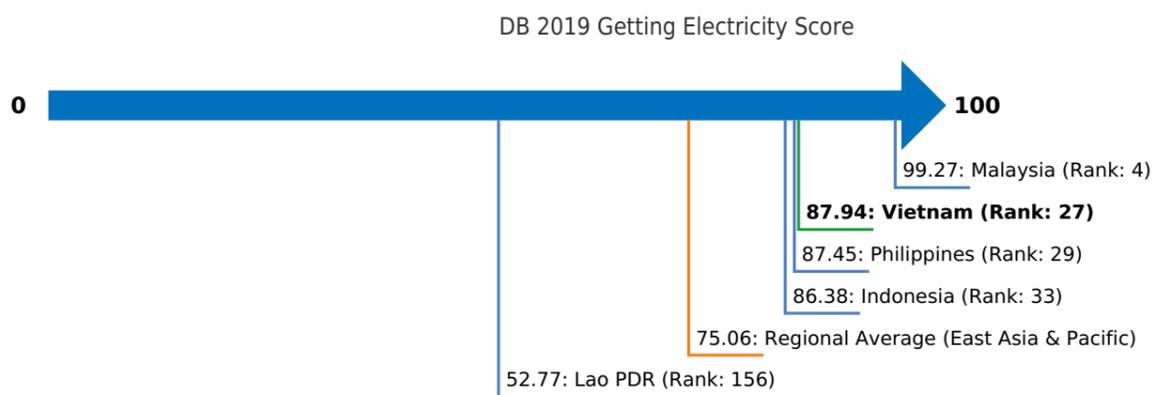
Getting Electricity - Vietnam

Standardized Connection

Price of electricity (US cents per kWh)	12.3
Name of utility	EVNHCMC
City Covered	Ho Chi Minh City

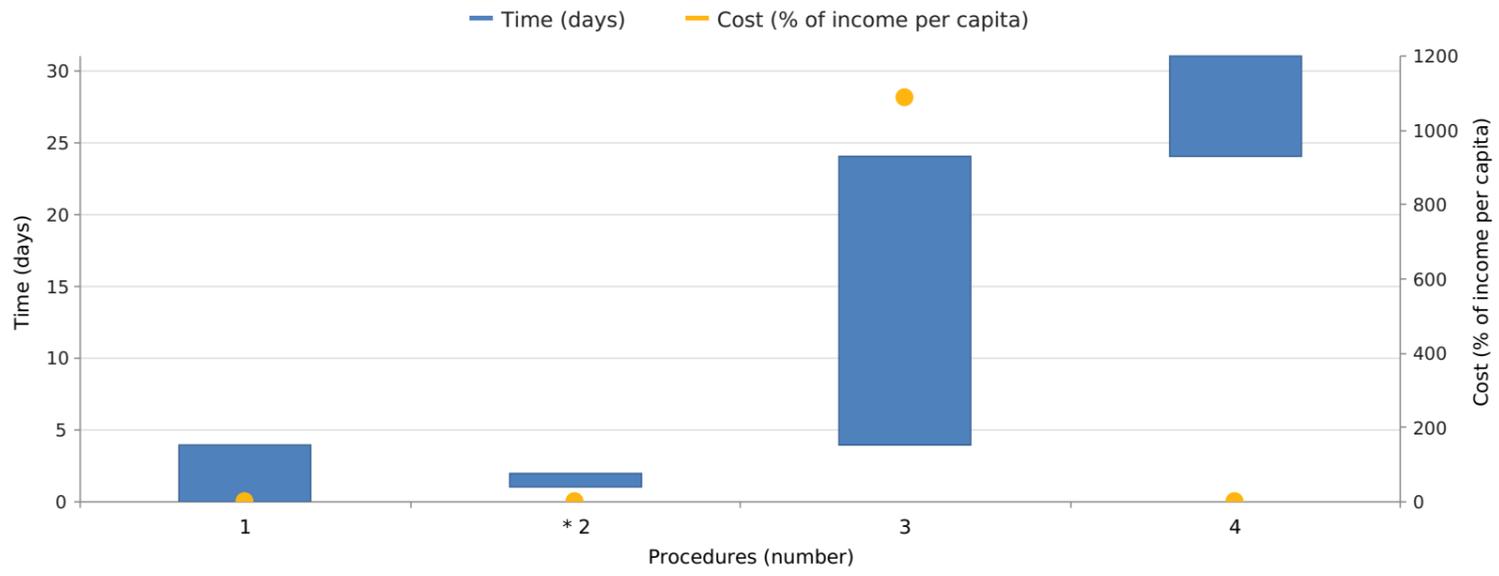
Indicator	Vietnam	East Asia & Pacific	OECD high income	Best Regulatory Performance
Procedures (number)	4	4.3	4.5	3 (25 Economies)
Time (days)	31	65.0	77.2	18 (3 Economies)
Cost (% of income per capita)	1087.3	625.1	64.2	0.0 (3 Economies)
Reliability of supply and transparency of tariff index (0-8)	7	4.0	7.5	8.0 (27 Economies)

Figure - Getting Electricity in Vietnam and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting electricity is determined by sorting their scores for getting electricity. These scores are the simple average of the scores for all the component indicators except the price of electricity.

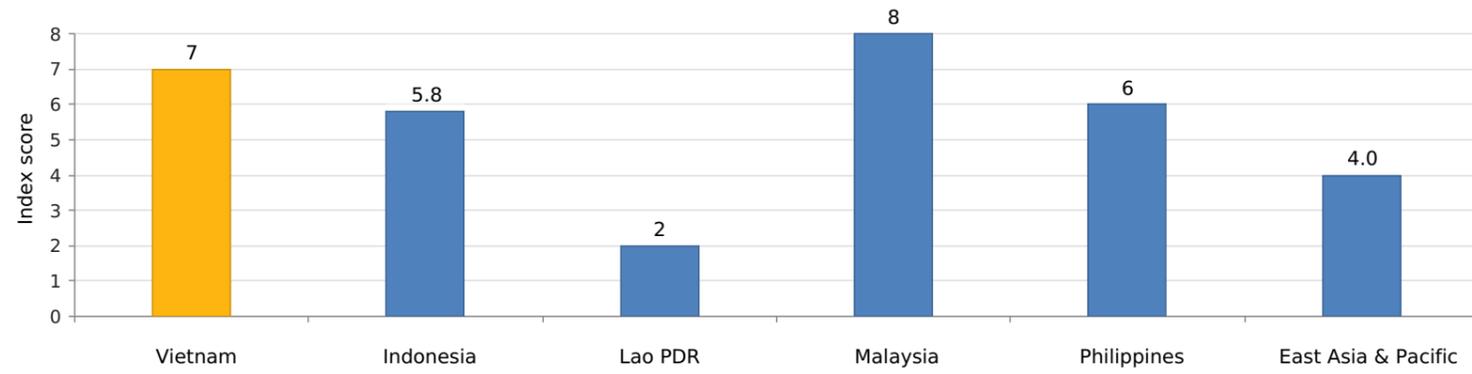
Figure - Getting Electricity in Vietnam - Procedure, Time and Cost



\*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://doingbusiness.org/en/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.	Procedures	Time to Complete	Associated Costs
1	<p><b>Submit application to EVN HCMC and await clearance</b>  <i>Agency : EVNHCMC</i>            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):            + 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> <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><b>Obtain external inspection by EVN HCMC</b>  <i>Agency : EVNHCMC</i>            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 EVNHCMC on the requested power.</p> <p>The customer (or his/her contractor) will typically be present during the site visit of EVNHCMC.</p>	1 calendar day	VND 0
3	<p><b>Hire private firm to design and carry out external works</b>  <i>Agency : Electrical Contractor</i>            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.</p> <p>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.</p> <p>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.</p>	20 calendar days	VND 544,000,000
4	<p><b>Obtain meter installation and final connection from EVN HCMC</b>  <i>Agency : EVNHCMC</i>            When the external works have been completed, the customer requests the meter installation from the Distribution Department of the utility.</p>	7 calendar days	VND 0

⇒ Takes place simultaneously with previous procedure.

## Details - Getting Electricity in Vietnam - Measure of Quality

	Answer
<b>Reliability of supply and transparency of tariff index (0-8)</b>	7
<b>Total duration and frequency of outages per customer a year (0-3)</b>	2
System average interruption duration index (SAIDI)	3.9
System average interruption frequency index (SAIFI)	3.0
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	5.0
<b>Mechanisms for monitoring outages (0-1)</b>	1
Does the distribution utility use automated tools to monitor outages?	Yes
<b>Mechanisms for restoring service (0-1)</b>	1
Does the distribution utility use automated tools to restore service?	Yes
<b>Regulatory monitoring (0-1)</b>	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
<b>Financial deterrents aimed at limiting outages (0-1)</b>	1
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	Yes
<b>Communication of tariffs and tariff changes (0-1)</b>	1
Are effective tariffs available online?	Yes
Link to the website, if available online	<a href="https://cskh.hcmptc.com.vn/tracuu/giaban dien">https://cskh.hcmptc.com.vn/tracuu/giaban dien</a>
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

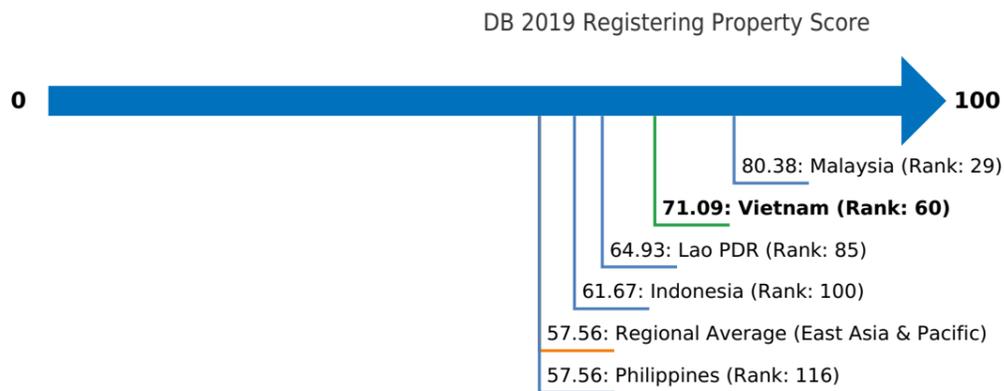
This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system 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 May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Procedures to legally transfer title on immovable property (number)</b></p> <ul style="list-style-type: none"> <li>• Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)</li> <li>• Registration procedures in the economy's largest business city.</li> <li>• Postregistration procedures (for example, filling title with municipality)</li> </ul>	<p>To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.</p>
<p><b>Time required to complete each procedure (calendar days)</b></p> <ul style="list-style-type: none"> <li>• Does not include time spent gathering information</li> <li>• Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule</li> <li>• Procedure is considered completed once final document is received</li> <li>• No prior contact with officials</li> </ul>	<p><b>The parties (buyer and seller):</b></p> <ul style="list-style-type: none"> <li>- Are limited liability companies (or the legal equivalent).</li> <li>- 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.</li> <li>- Are 100% domestically and privately owned.</li> <li>- Have 50 employees each, all of whom are nationals.</li> <li>- Perform general commercial activities.</li> </ul>
<p><b>Cost required to complete each procedure (% of property value)</b></p> <ul style="list-style-type: none"> <li>• Official costs only (such as administrative fees, duties and taxes).</li> <li>• Value Added Tax, Capital Gains Tax and illicit payments are excluded</li> </ul>	<p><b>The property (fully owned by the seller):</b></p> <ul style="list-style-type: none"> <li>- Has a value of 50 times income per capita, which equals the sale price.</li> <li>- Is fully owned by the seller.</li> <li>- Has no mortgages attached and has been under the same ownership for the past 10 years.</li> <li>- Is registered in the land registry or cadastre, or both, and is free of title disputes.</li> <li>- Is located in a periurban commercial zone, and no rezoning is required.</li> <li>- 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.</li> <li>- Will not be subject to renovations or additional construction following the purchase.</li> <li>- Has no trees, natural water sources, natural reserves or historical monuments of any kind.</li> <li>- 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.</li> <li>- Has no occupants, and no other party holds a legal interest in it.</li> </ul>
<p><b>Quality of land administration index (0-30)</b></p> <ul style="list-style-type: none"> <li>• Reliability of infrastructure index (0-8)</li> <li>• Transparency of information index (0-6)</li> <li>• Geographic coverage index (0-8)</li> <li>• Land dispute resolution index (0-8)</li> <li>• Equal access to property rights index (-2-0)</li> </ul>	

Registering Property - Vietnam

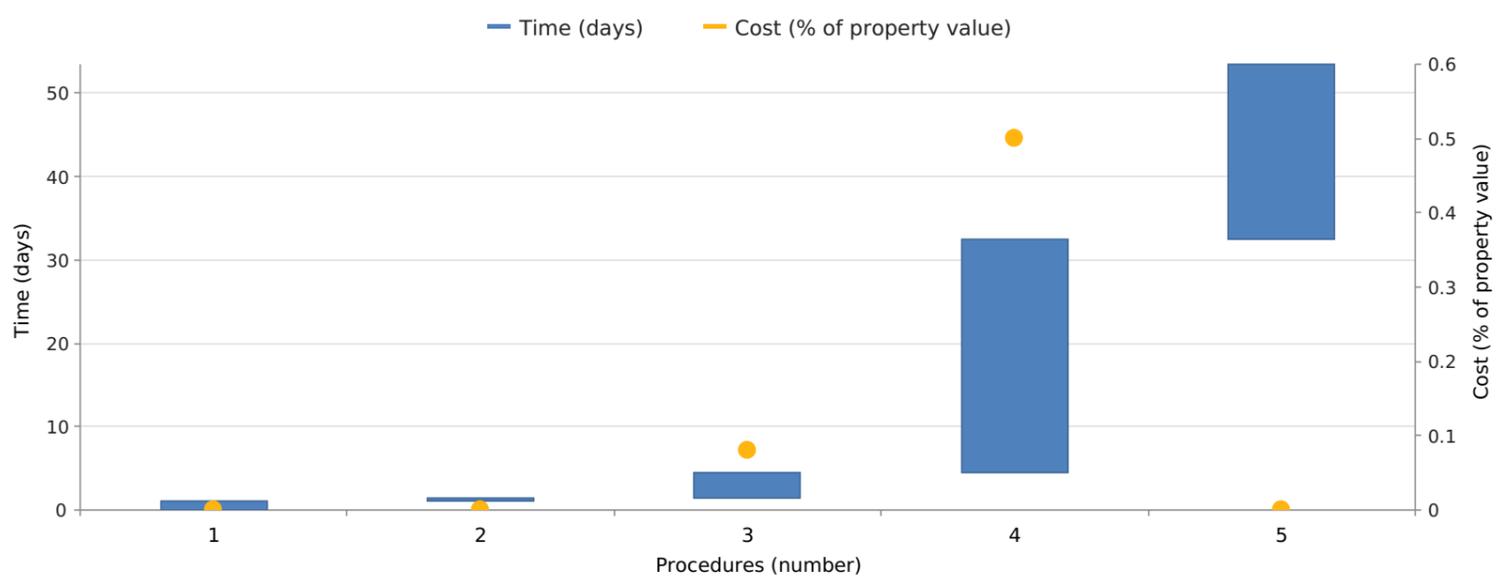
Indicator	Vietnam	East Asia & Pacific	OECD high income	Best Regulatory Performance
Procedures (number)	5	5.4	4.7	1 (4 Economies)
Time (days)	53.5	72.6	20.1	1 (New Zealand)
Cost (% of property value)	0.6	4.5	4.2	0.0 (Saudi Arabia)
Quality of the land administration index (0-30)	14.0	16.3	23.0	None in 2017/18

Figure - Registering Property in Vietnam and comparator economies - Ranking and Score



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

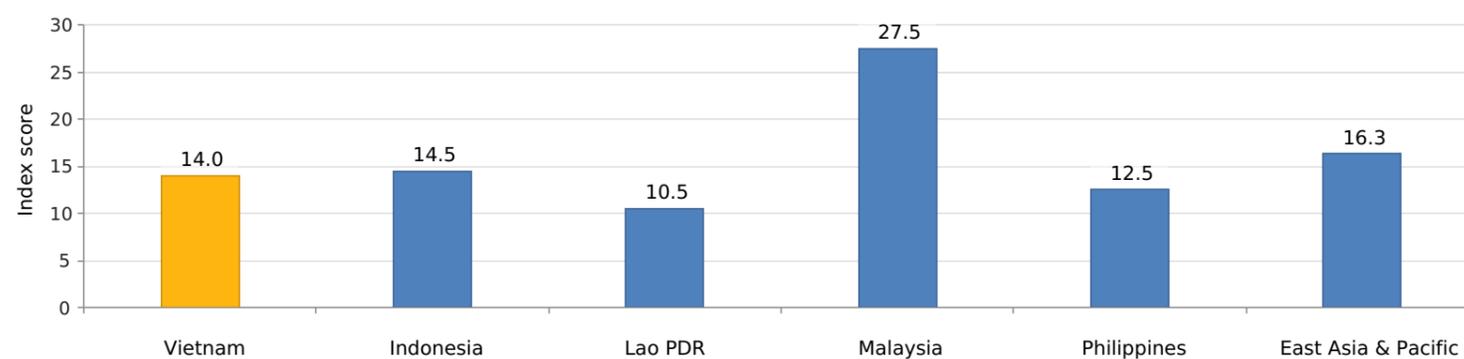
Figure - Registering Property in Vietnam - Procedure, Time and Cost



\*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://doingbusiness.org/en/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.	Procedures	Time to Complete	Associated Costs
1	<p><b>Build an application for the transfer of land use rights and ownership of assets attached to the land</b></p> <p><i>Agency</i> : Land Registration Office under the Department of Natural Resources and Environment (LRO)</p> <p>Parties obtain a Land Use Right Certificate (LURC) transfer contract (standard form) for free at the notary's office or online at <a href="http://moj.gov.vn/huongdannv/Lists/TaiLieuNghiepVu/View_Detail.aspx?ItemId=138">http://moj.gov.vn/huongdannv/Lists/TaiLieuNghiepVu/View_Detail.aspx?ItemId=138</a>.</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><b>Notary checks for any encumbrances on the property</b></p> <p><i>Agency</i> : Notary Public</p> <p>Under Article 46 of the Law on Notarization, the notary public is required to check the contents of the transfer agreement do not contradict social ethics or violate laws and regulations. In practice, the notary public will also verify the encumbrances on the property with the LUR Office before 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 burden) and the transferee. Under Article 62 the Law on Notarization, the Department of Justice and LUR Office have a system for the notaries to check the encumbrance on the transferred property before to notarizes. There is no cost arising from such searches.</p>	Less than one day, online	no charge
3	<p><b>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.</b></p> <p><i>Agency</i> : Notary Public</p> <p>The property transfer contract shall be made in duplicate, one for the seller and another for the buyer. The public notary must notarize the property transfer contract (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 submitted to the public notary office includes:</p> <ul style="list-style-type: none"> <li>(i) request for notarization of the contract (in standard form);</li> <li>(ii) property transfer contract;</li> <li>(iii) document evidencing the transferor's title to the land and warehouse (e.g. land use right certificate for the 557.4 square meters land and construction works ownership certificate for the warehouse or the certificate of land use right and assets attached to the land for both, the land and the warehouse);</li> <li>(iv) business registration certificate of the transferor and the transferee; (v) copies of other documents relevant to the property transfer contract (Article 40.1 of the Law on Notarization).</li> </ul> <p>The time-limit for notarization shall not exceed 2 working days. In the case of a complicated contract or transaction, this time-limit may not extend 10 working days (Article 43.2 of the Law on Notarization).</p> <p>If the value of property or the value of contract is from VND 1,000,000,000 and VND 3,000,000,000, the notary fee is VND 1,000,000 +0.06% of the value of property or the value of contract exceeding VND 1,000,000,000. Joint Circular No. 257/2016/TTLT-BTC-BTP dated November 11, 2016 of the Ministry of Finance and the Ministry of Justice as amended by Circular No. 111/2017/TT-BTC dated October 20, 2017 of the Ministry of Justice on regulations on notarial and authentication service fees, fees for verification of eligibility for practicing as a notary, fees for verification of eligibility for operating private notary office, charges for processing of applications for notary card, and the collection, transfer, management and use thereof.</p>	3 days	VND 1,900,976.96; (VND 1 million + 0.06% of the amount exceeding VND 1 billion)

4	<p><b>The parties pay income tax on the assignment of the land-use right and the registration fee at the relevant District Department of Taxation</b></p> <p><i>Agency</i> : District Department of Taxation</p> <p>The registration fee (paid by the transferee) is 0.5% of the property value (Article 7.1 of Decree No. 140/2016/ND-CP dated October 10, 2016, of the Government on registration fee) and Article 4.1 of Circular No. 301/2016/TT-BTC of the Ministry of Finance dated November 15, 2016, guiding on registration fee).</p> <p>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")). The declaration and payment of CIT must be done no later than 10 days from the date of arising of tax obligation (Articles 10.3(d) and 26.2 of Circular No. 156/2013/TT-BTC dated November 6, 2013).</p> <p>The transfer of land use right is not subject to value-added tax but a transfer of the warehouse is subject to value-added tax rate of 10% (Articles 5.6 and 8.3 of Law on Value Added Tax No. 13/2008/QH12 dated June 3, 2008, as amended by Law No. 31/2013/QH13 dated June 19, 2013, Law No. 71/2014/QH13 dated November 26, 2014, and Law No. 106/2016/QH13 dated April 6, 2016).</p>	28 days	VND 12,508,141.36; (0,5% of property value)
5	<p><b>The land-use right transferee shall register the right to use land</b></p> <p><i>Agency</i> : Land Use Right Registration Office under the Department of Natural Resources and Environment (LUR Office)</p> <p>The LRO is the prescribed authority. Currently, there are many land use rights registration offices in Ho Chi Minh City, including the provincial land registration office (under the Department of Nature 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 MONRE providing for land use right or house and land-attached asset ownership certificates (effective as of July 5, 2014), in order to obtain the LURC, the transferee may request the LRO to issue a new LURC or an update on the existing LURC.</p> <p>1. Issuance of a new LURC</p> <p>Dossier: According to Art. 8.1 of Circular No. 24/2014/TT-BTNMT of the MONRE providing for cadastral records ("Circular 24"), the application dossier for the issuance of new LURC includes (i) application for issuance of LURC (in stipulated form); (ii) one of the documents prescribed in Art. 100 of the New Land Law and Article 18 of Decree 43; (iii) one of the documents specified in Articles 31, 32, 33, 34 of Decree 43 (i.e., property ownership certification, etc.); (iv) copies of documents evidencing for fulfillment of relevant financial obligation; and (v) a map describing the property.</p> <p>Timeline: 30 working days from the day of receipt of the proper dossier (Article 61.2(a) of Decree 43).</p> <p>2. Update on the existing LURC</p> <p>Dossier: According to Article 9.2 of Circular 24, the application dossier for the update on existing LURC includes: (i) the property transfer contract; and (ii) the original LURC and the certificate of ownership of the warehouse.</p> <p>Timeline: 10 working days from the date of receipt of the proper dossier (Article 61.2.(i) of Decree 43). However, practitioners confirmed that obtaining the updated version of the existent LURC could take up to 21 days.</p>	21 days	VND 50,000; (VND 50,000 (Update existing LUR Certificate) <p>According to Decision No. 52/2016/QD-UBND of the People's Committee of Ho Chi Minh City dated December 10, 2016, the fee applicable to an organization having a land use right and assets attached to land with an area from 500 sqm to 1,000 sqm is the following:</p> <p>(a) VND 350,000 for the issuance of a new LURC; or</p> <p>(b) VND 50,000 for the update/amendment to the existing LURC.)</p>

→ Takes place simultaneously with previous procedure.

## Details - Registering Property in Vietnam - Measure of Quality

	Answer	Score
<b>Reliability of infrastructure index (0-8)</b>		<b>6.0</b>
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
<b>Transparency of information index (0-6)</b>		<b>3.0</b>
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:	<a href="http://congchung.gov.vn/ho-so-cong-chung/HD-chuyen-nhuong-dat.html">http://congchung.gov.vn/ho-so-cong-chung/HD-chuyen-nhuong-dat.html</a>	
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:	<a href="http://congchung.gov.vn/blog/detail/18-Bieu-phi-cong-chung.html">http://congchung.gov.vn/blog/detail/18-Bieu-phi-cong-chung.html</a>	
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 2017:		

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:		
<b>Geographic coverage index (0-8)</b>		<b>0.0</b>
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
<b>Land dispute resolution index (0-8)</b>		<b>5.0</b>
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?	District-level or Provincial-level People's Court where the land locates (Civil Procedures Code 2015, Articles 35.1(a) and 37.1(a))	
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 2017:		
<b>Equal access to property rights index (-2-0)</b>		<b>0.0</b>
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	
Do married men and married women have equal ownership rights to property?	Yes	0.0

## Getting Credit

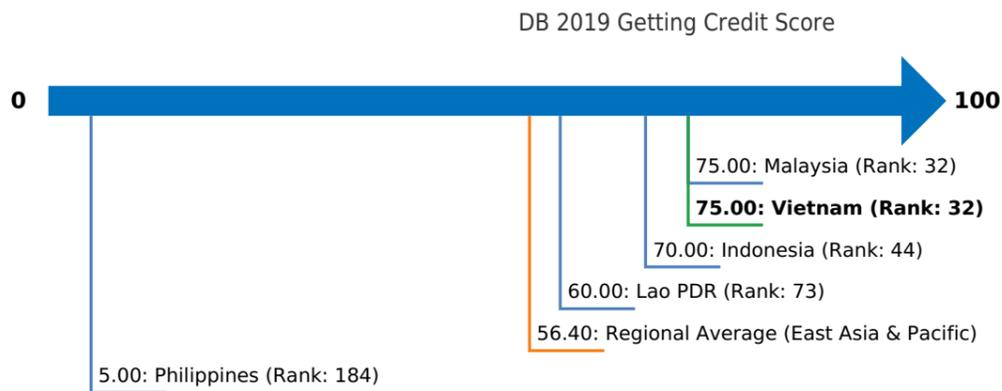
This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Strength of legal rights index (0-12)</b></p> <ul style="list-style-type: none"> <li>• Rights of borrowers and lenders through collateral laws (0-10)</li> <li>• Protection of secured creditors' rights through bankruptcy laws (0-2)</li> </ul> <p><b>Depth of credit information index (0-8)</b></p> <ul style="list-style-type: none"> <li>• Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)</li> </ul> <p><b>Credit bureau coverage (% of adults)</b></p> <ul style="list-style-type: none"> <li>• Number of individuals and firms listed in largest credit bureau as a percentage of adult population</li> </ul> <p><b>Credit registry coverage (% of adults)</b></p> <ul style="list-style-type: none"> <li>• Number of individuals and firms listed in credit registry as a percentage of adult population</li> </ul>	<p><i>Doing Business</i> 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.</p> <p>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.</p> <p><b>Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:</b></p> <ul style="list-style-type: none"> <li>- ABC is a domestic limited liability company (or its legal equivalent).</li> <li>- ABC has up to 50 employees.</li> <li>- 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.</li> <li>- Both ABC and BizBank are 100% domestically owned.</li> </ul> <p>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).</p> <p>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.</p>

Getting Credit - Vietnam

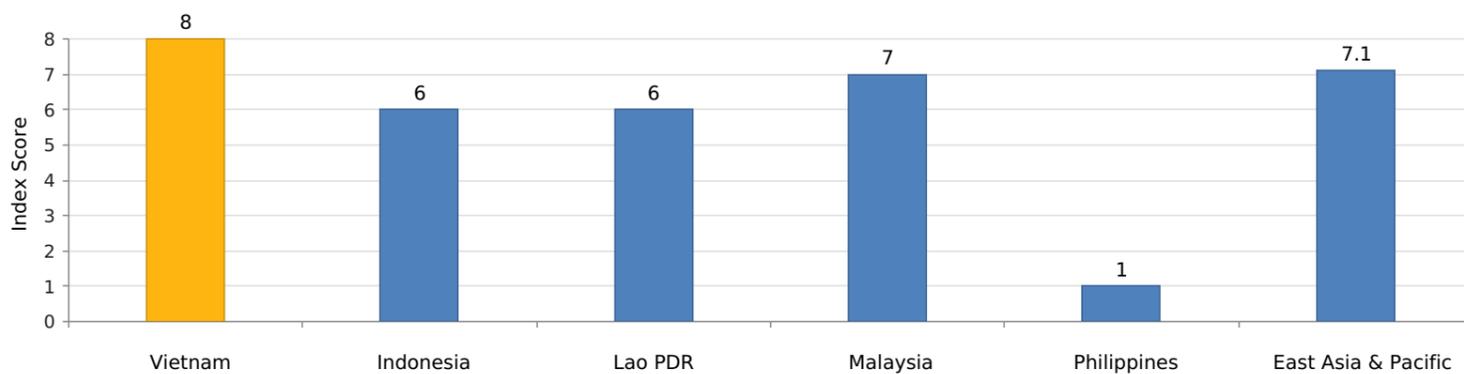
Indicator	Vietnam	East Asia & Pacific	OECD high income	Best Regulatory Performance
Strength of legal rights index (0-12)	8	7.1	6.1	12 (5 Economies)
Depth of credit information index (0-8)	7	4.2	6.7	8 (42 Economies)
Credit registry coverage (% of adults)	54.8	16.9	21.8	100.0 (4 Economies)
Credit bureau coverage (% of adults)	29.5	23.0	65.3	100.0 (25 Economies)

Figure - Getting Credit in Vietnam and comparator economies - Ranking and Score



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

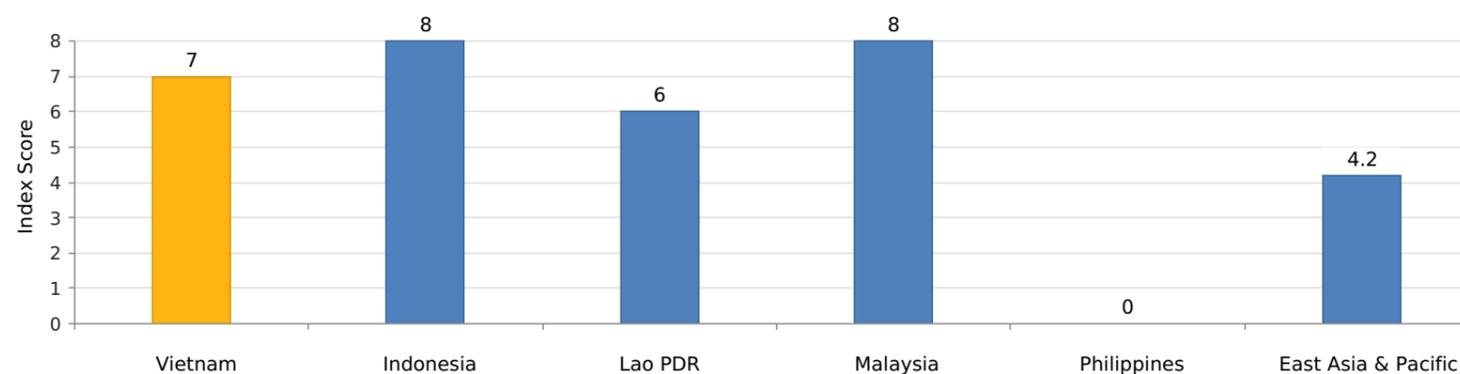
Figure - Legal Rights in Vietnam and comparator economies



Details - Legal Rights in Vietnam

<b>Strength of legal rights index (0-12)</b>	<b>8</b>
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 and 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 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
<b>Total Score ("yes" to either public bureau or private registry)</b>			<b>7</b>

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	19,578,000	35,505,020
Number of firms	109,300	1,040,053
Total	19,687,300	36,545,073
<b>Percentage of adult population</b>	<b>29.5</b>	<b>54.8</b>

## Protecting Minority Investors

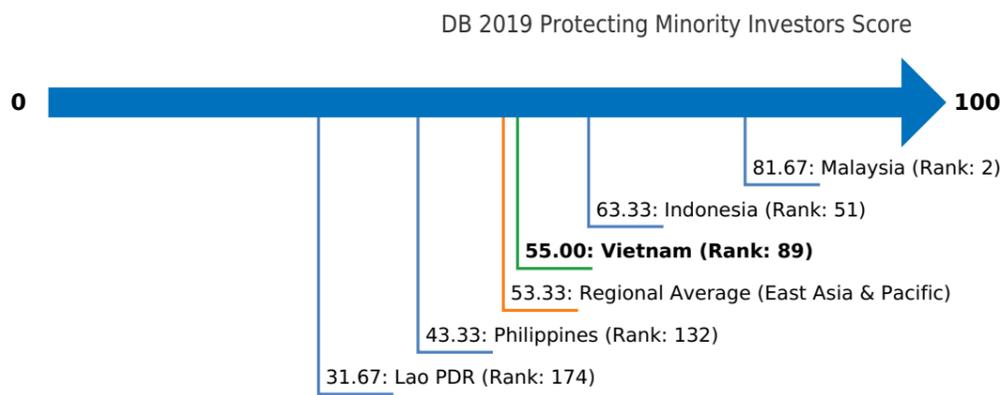
This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<ul style="list-style-type: none"> <li>• <b>Extent of disclosure index (0-10):</b> Review and approval requirements for related-party transactions; Disclosure requirements for related-party transactions</li> <li>• <b>Extent of director liability index (0-10):</b> 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)</li> <li>• <b>Ease of shareholder suits index (0-10):</b> Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses</li> <li>• <b>Extent of conflict of interest regulation index (0-10):</b> Simple average of the extent of disclosure, extent of director liability and ease of shareholder indices</li> <li>• <b>Extent of shareholder rights index (0-10):</b> Shareholders' rights and role in major corporate decisions</li> <li>• <b>Extent of ownership and control index (0-10):</b> Governance safeguards protecting shareholders from undue board control and entrenchment</li> <li>• <b>Extent of corporate transparency index (0-10):</b> Corporate transparency on ownership stakes, compensation, audits and financial prospects</li> <li>• <b>Extent of shareholder governance index (0-10):</b> Simple average of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices</li> <li>• <b>Strength of minority investor protection index (0-10):</b> Simple average of the extent of conflict of interest regulation and extent of shareholder governance indices</li> </ul>	<p>To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.</p> <p><b>The business (Buyer):</b></p> <ul style="list-style-type: none"> <li>- Is a publicly traded corporation listed on the economy's most important stock exchange. If there are fewer than ten listed companies or if there is no stock exchange in the economy, it is assumed that Buyer is a large private company with multiple shareholders.</li> <li>- 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.</li> <li>- Has a supervisory board in economies with a two-tier board system on which Mr. James appointed 60% of the shareholder-elected members.</li> <li>- Has not adopted bylaws or articles of association that go beyond the minimum requirements. Does not follow codes, principles, recommendations or guidelines that are not mandatory.</li> <li>- Is a manufacturing company with its own distribution network.</li> </ul> <p><b>The transaction involves the following details:</b></p> <ul style="list-style-type: none"> <li>- Mr. James owns 60% of Buyer, sits on Buyer's board of directors and elected two directors to Buyer's five-member board.</li> <li>- 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.</li> <li>- 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.</li> <li>- The proposed transaction is part of the company's principal activity and is not outside the authority of the company.</li> <li>- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made—that is, the transaction was not entered into fraudulently.</li> <li>- The transaction causes damages to Buyer. Shareholders sue Mr. James and the executives and directors that approved the transaction.</li> </ul>

Protecting Minority Investors - Vietnam

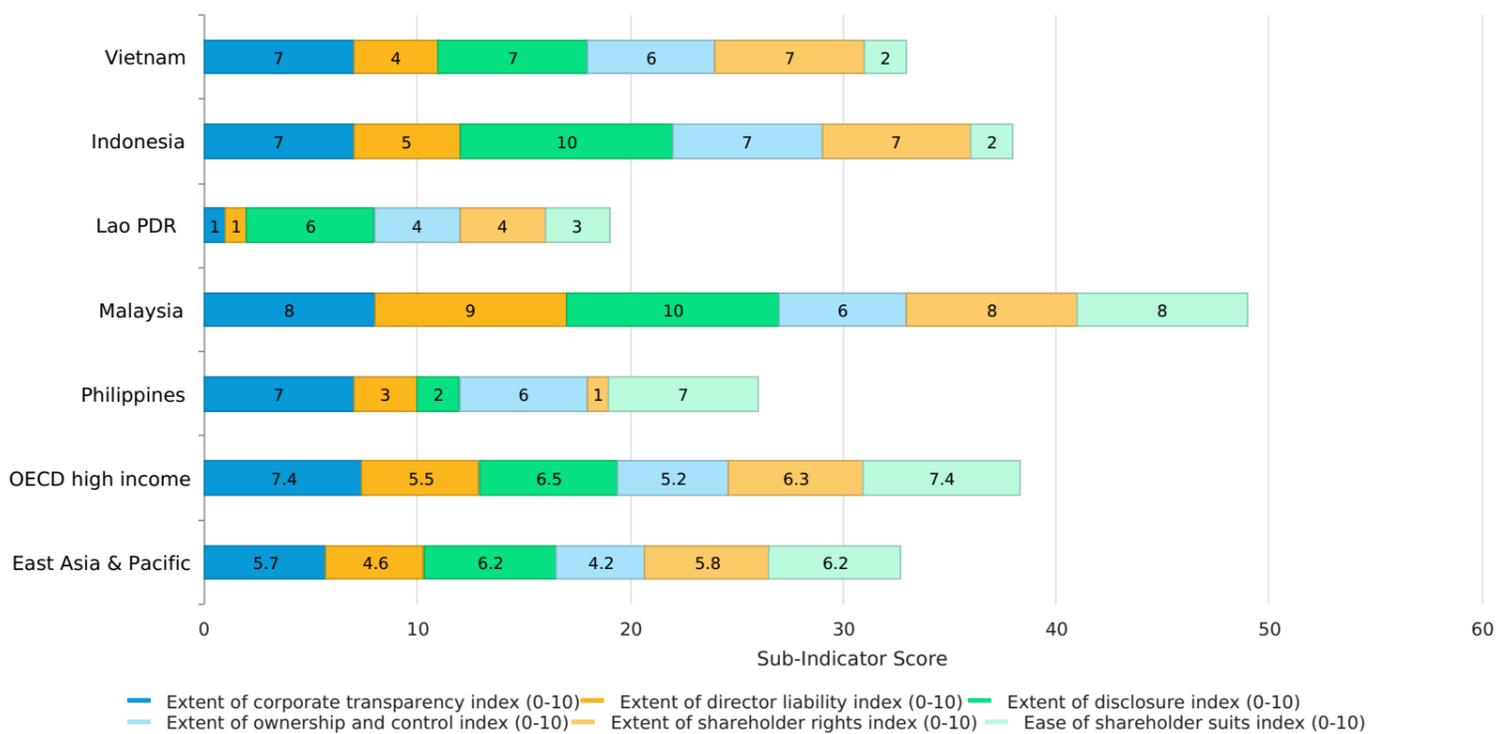
Indicator	Vietnam	East Asia & Pacific	OECD high income	Best Regulatory Performance
Extent of disclosure index (0-10)	7.0	5.6	6.5	10 (13 Economies)
Extent of director liability index (0-10)	4.0	4.9	5.3	10 (Cambodia)
Ease of shareholder suits index (0-10)	2.0	6.7	7.3	10 (Djibouti)
Extent of shareholder rights index (0-10)	7.0	5.6	6.4	10 (Kazakhstan)
Extent of ownership and control index (0-10)	6.0	4.0	5.4	None in 2017/18
Extent of corporate transparency index (0-10)	7.0	5.3	7.6	10 (6 Economies)

Figure - Protecting Minority Investors in Vietnam and comparator economies - Ranking and Score



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their scores for protecting minority investors. These scores are the simple average of the 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
<b>Extent of conflict of interest regulation index (0-10)</b>		<b>4.3</b>
<b>Extent of disclosure index (0-10)</b>		<b>7.0</b>
Whose decision is 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 periodic filings (e.g. 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? (0-2)	Disclosure on the transaction only	1.0
<b>Extent of director liability index (0-10)</b>		<b>4.0</b>
Can shareholders representing 10% of Buyer's share capital sue for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold Mr. James 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 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
<b>Ease of shareholder suits index (0-10)</b>		<b>2.0</b>
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
<b>Extent of shareholder governance index (0-10)</b>		<b>6.7</b>
<b>Extent of shareholder rights index (0-10)</b>		<b>7.0</b>
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 or almost 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
<b>Extent of ownership and control index (0-10)</b>		<b>6.0</b>
Is it forbidden to appoint the same individual as CEO and chairperson 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
<b>Extent of corporate transparency index (0-10)</b>		<b>7.0</b>
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 the administrative burden of paying taxes and contributions and complying with postfiling procedures (VAT refund and tax audit). The most recent round of data collection for the project was completed in May 2018 covering for the Paying Taxes indicator calendar year 2017 (January 1, 2017 – December 31, 2017). [See the methodology for more information.](#)

### What the indicators measure

#### Tax payments for a manufacturing company in 2017 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid or withheld, 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
- Preparing separate tax accounting books, if required
- Completing tax return, filing with agencies
- Arranging payment or withholding

#### Total tax and contribution rate (% of commercial profits)

- 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 (hours)
- Time to obtain a VAT refund (weeks)
- Time to comply with a corporate income tax correction (hours)
- Time to complete a corporate income tax correction (weeks)

### 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, 2016. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2017). Taxes and mandatory contributions are measured at all levels of government.

#### The VAT refund process:

- In June 2017, 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 2017.

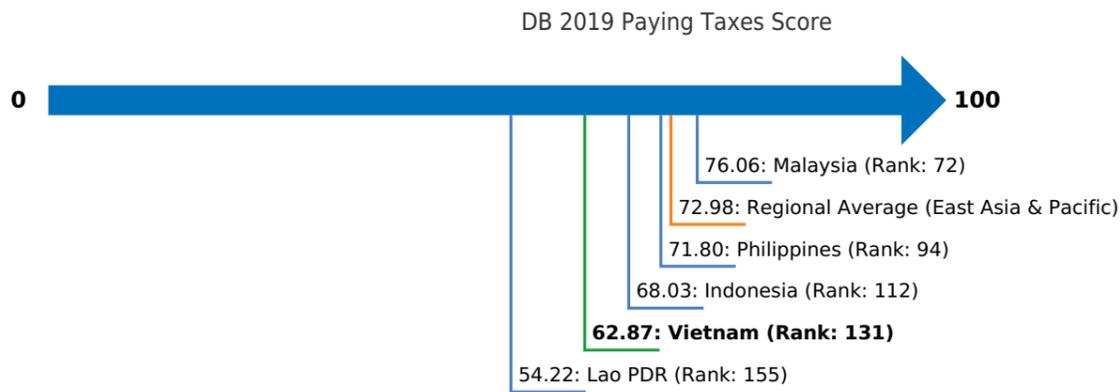
#### The corporate income tax audit process:

- 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.

**Paying Taxes - Vietnam**

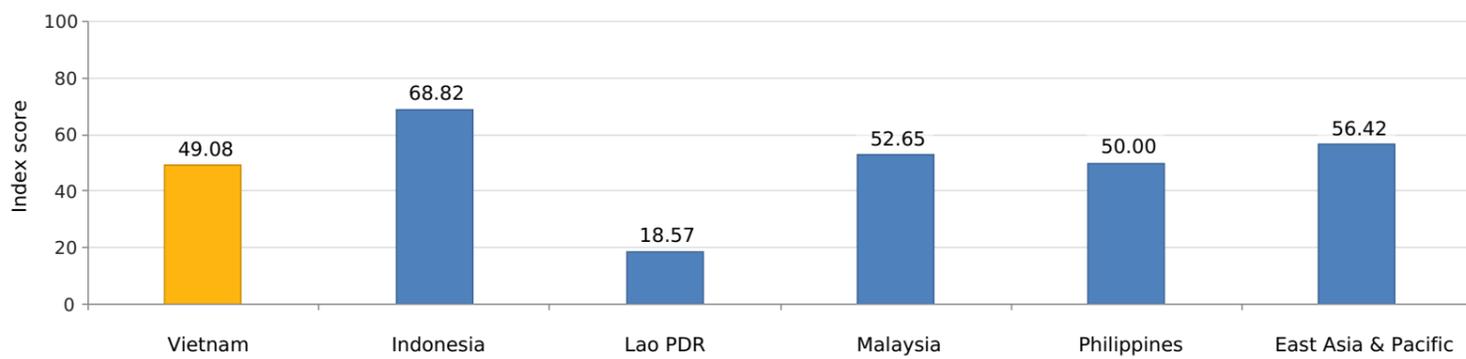
Indicator	Vietnam	East Asia & Pacific	OECD high income	Best Regulatory Performance
Payments (number per year)	10	21.2	11.2	3 (Hong Kong SAR, China)
Time (hours per year)	498	180.9	159.4	49 (Singapore)
Total tax and contribution rate (% of profit)	37.8	33.5	39.8	26.1% (32 Economies)
Postfiling index (0-100)	49.08	56.42	84.41	None in 2017/18

**Figure - Paying Taxes in Vietnam and comparator economies - Ranking and Score**



Note: The ranking of economies on the ease of paying taxes is determined by sorting their scores for paying taxes. These scores are the simple average of the scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax and contribution rate. The threshold is defined as the total tax and contribution 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 and contribution 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 TCR
Employer paid - Social Security contributions	1.0		147.0	17.5%	gross salaries	19.97	
Corporate income tax	5.0		132.0	20%	taxable profit	12.19	
Employer paid - Health insurance contributions	0.0	paid jointly		3%	gross salaries	3.38	0.045119559 203592
Employer paid - Unemployment insurance	0.0	paid jointly		1%	gross salaries	1.13	
Income tax from transfer of land use rights	1.0			20%	capital gains	1.01	
Business Licensing Tax	0.0	online and jointly		VND 2,000,000	fixed fee	0.11	
Non Agricultural Land Tax	1.0			0.3%	Value of land	0.02	
Value added tax (VAT)	1.0	online	219.0	10%	value added	0.00	not included
Environmental Tax	0.0			VND40,000 per ton	by weight	0.00	
Fuel tax	1.0				included in fuel price	0.00	
Employee paid - Health insurance contributions	0.0	paid jointly		1.5%	gross salaries	0.00	withheld
Employee paid - Social Security contributions	0.0	paid jointly		8%	gross salaries	0.00	withheld
Employee paid - Unemployment insurance	0.0	paid jointly		1%	gross salaries	0.00	withheld
Totals	10		498			37.8	

## Details - Paying Taxes in Vietnam - Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	13.2
Labor tax and contributions (% of profit)	24.5
Other taxes (% of profit)	0.1

## Details - Paying Taxes in Vietnam - Measure of Quality

	Answer	Score
<b>Postfiling index (0-100)</b>		<b>49.08</b>
<b>VAT refunds</b>		
Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	No	
Restrictions on VAT refund process	Restricted to international traders	
Percentage of cases exposed to a VAT audit (%)	Not applicable	
Is there a mandatory carry forward period?	Not Applicable	
Time to comply with VAT refund (hours)	No VAT refund per case study scenario	0
Time to obtain a VAT refund (weeks)	No VAT refund per case study scenario	0
<b>Corporate income tax audits</b>		
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 correction (hours)	3.5	96.33
Time to complete a corporate income tax correction (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 correction and time to complete a corporate income tax correction.

N/A = Not applicable.

## Trading across Borders

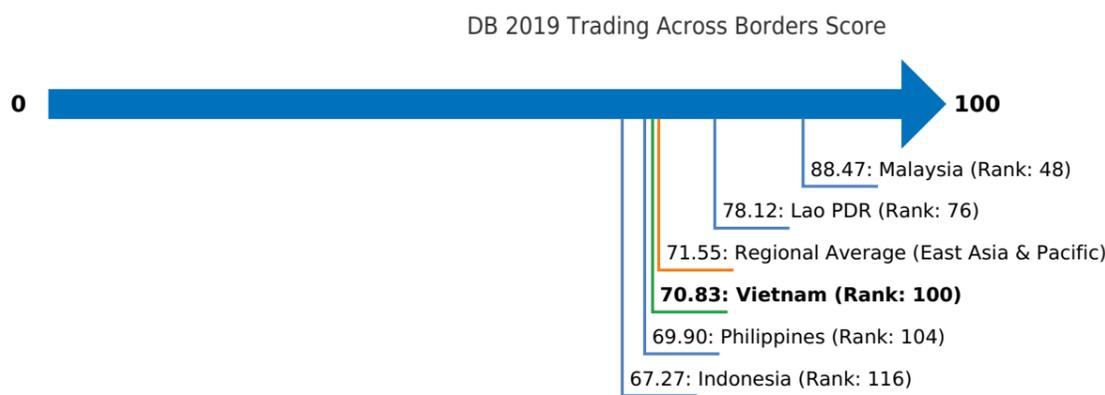
*Doing Business* records the time and cost associated with the logistical process of exporting and importing goods. *Doing Business* measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Documentary compliance</b></p> <ul style="list-style-type: none"> <li>• Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy</li> <li>• Obtaining, preparing and submitting documents required by destination economy and any transit economies</li> <li>• Covers all documents required by law and in practice, including electronic submissions of information</li> </ul> <p><b>Border compliance</b></p> <ul style="list-style-type: none"> <li>• Customs clearance and inspections</li> <li>• Inspections by other agencies (if applied to more than 20% of shipments)</li> <li>• Handling and inspections that take place at the economy's port or border</li> </ul> <p><b>Domestic transport</b></p> <ul style="list-style-type: none"> <li>• Loading or unloading of the shipment at the warehouse or port/border</li> <li>• Transport between warehouse and port/border</li> <li>• Traffic delays and road police checks while shipment is en route</li> </ul>	<p>To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:</p> <p><b>Time:</b> Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as <math>22 \times 24 = 528</math> 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.</p> <p><b>Cost:</b> 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.</p> <p><b>Assumptions of the case study:</b></p> <ul style="list-style-type: none"> <li>- For all 190 economies covered by <i>Doing Business</i>, 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- A port or border is a place (seaport or land border crossing) where merchandise can enter or leave an economy.</li> <li>- 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.</li> </ul>

Trading across Borders - Vietnam

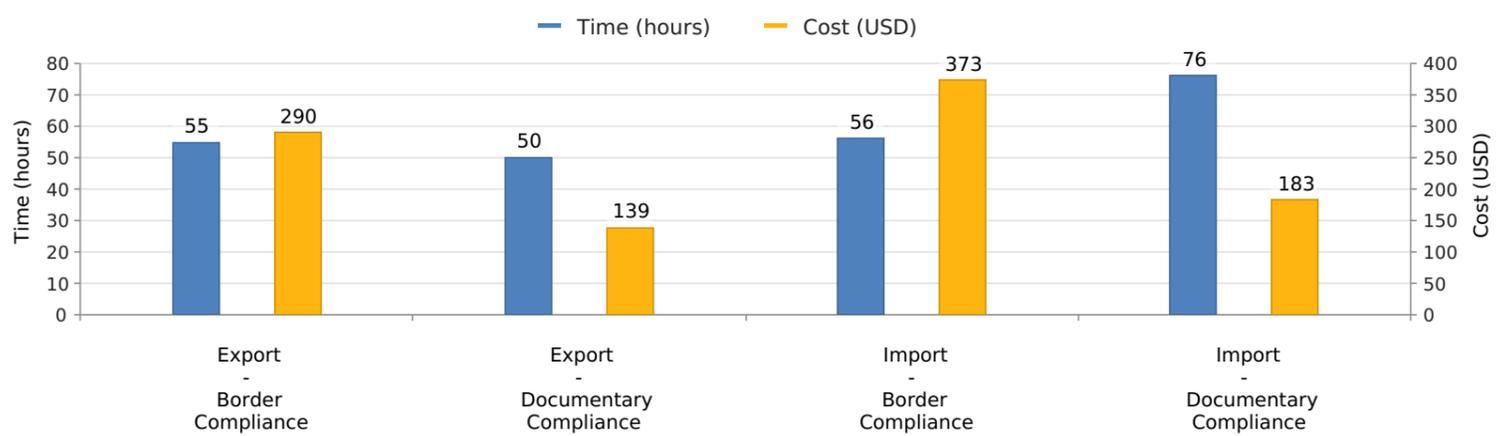
Indicator	Vietnam	East Asia & Pacific	OECD high income	Best Regulatory Performance
Time to export: Border compliance (hours)	55	54.7	12.5	1 (19 Economies)
Cost to export: Border compliance (USD)	290	382.2	139.1	0 (19 Economies)
Time to export: Documentary compliance (hours)	50	57.6	2.4	1 (26 Economies)
Cost to export: Documentary compliance (USD)	139	109.4	35.2	0 (20 Economies)
Time to import: Border compliance (hours)	56	69.2	8.5	0 (25 Economies)
Cost to import: Border compliance (USD)	373	415.8	100.2	0 (28 Economies)
Time to import: Documentary compliance (hours)	76	57.0	3.4	1 (30 Economies)
Cost to import: Documentary compliance (USD)	183	109.5	24.9	0 (30 Economies)

Figure - Trading across Borders in Vietnam and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of trading across borders is determined by sorting their scores for trading across borders. These scores are the simple average of the scores for the time and cost for documentary compliance and border compliance to export and import.

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 May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Time required to enforce a contract through the courts (calendar days)</b></p> <ul style="list-style-type: none"> <li>• Time to file and serve the case</li> <li>• Time for trial and to obtain the judgment</li> <li>• Time to enforce the judgment</li> </ul> <p><b>Cost required to enforce a contract through the courts (% of claim)</b></p> <ul style="list-style-type: none"> <li>• Attorney fees</li> <li>• Court fees</li> <li>• Enforcement fees</li> </ul> <p><b>Quality of judicial processes index (0-18)</b></p> <ul style="list-style-type: none"> <li>• Court structure and proceedings (-1-5)</li> <li>• Case management (0-6)</li> <li>• Court automation (0-4)</li> <li>• Alternative dispute resolution (0-3)</li> </ul>	<p>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.</p> <p>To make the data comparable across economies, <i>Doing Business</i> uses several assumptions about the case:</p> <ul style="list-style-type: none"> <li>- 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.</li> <li>- The buyer orders custom-made goods, then fails to pay alleging that the goods are not of adequate quality.</li> <li>- 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.</li> <li>- The seller sues the buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000.</li> <li>- The seller requests the pretrial attachment of the defendant's movable assets to secure the claim.</li> <li>- The dispute on the quality of the goods requires an expert opinion.</li> <li>- The judge decides in favor of the seller; there is no appeal.</li> <li>- The seller enforces the judgment through a public sale of the buyer's movable assets.</li> </ul>

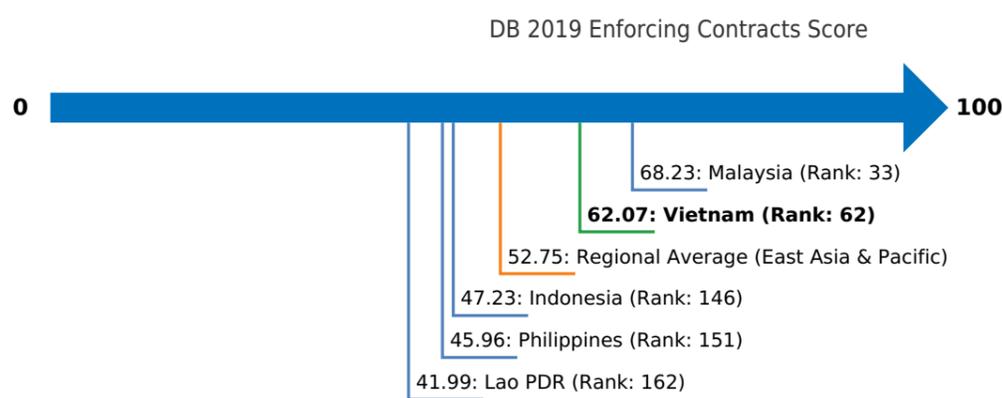
Enforcing Contracts - Vietnam

Standardized Case

Claim value	VND 111,329,270
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	Best Regulatory Performance
Time (days)	400	581.1	582.4	None in 2017/18
Cost (% of claim value)	29.0	47.2	21.2	None in 2017/18
Quality of judicial processes index (0-18)	7.5	7.9	11.5	None in 2017/18

Figure - Enforcing Contracts in Vietnam and comparator economies - Ranking and Score



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

Figure - Enforcing Contracts in Vietnam - Time and Cost

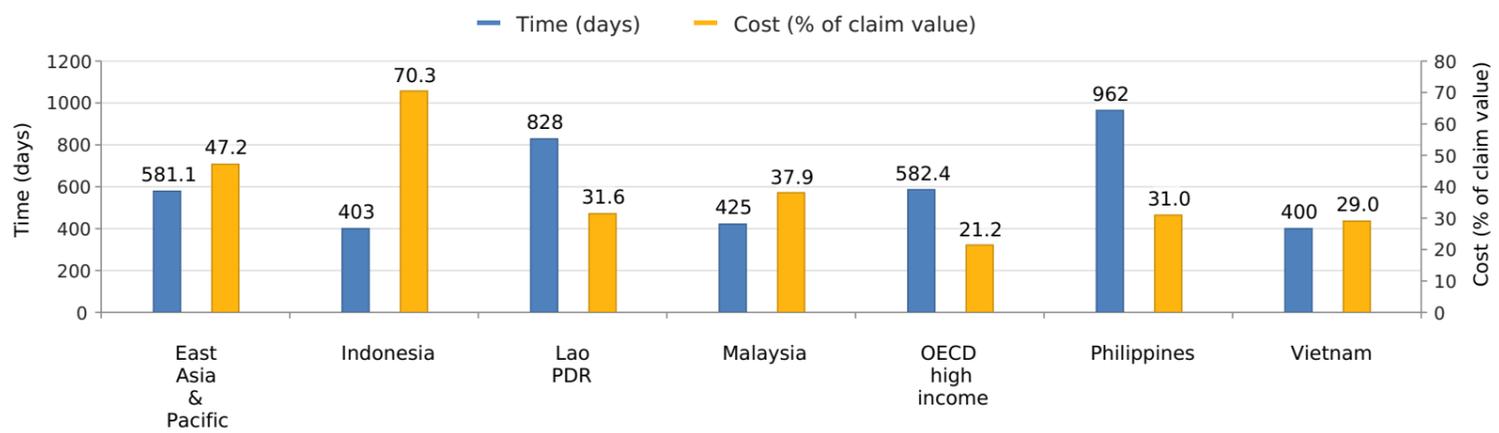
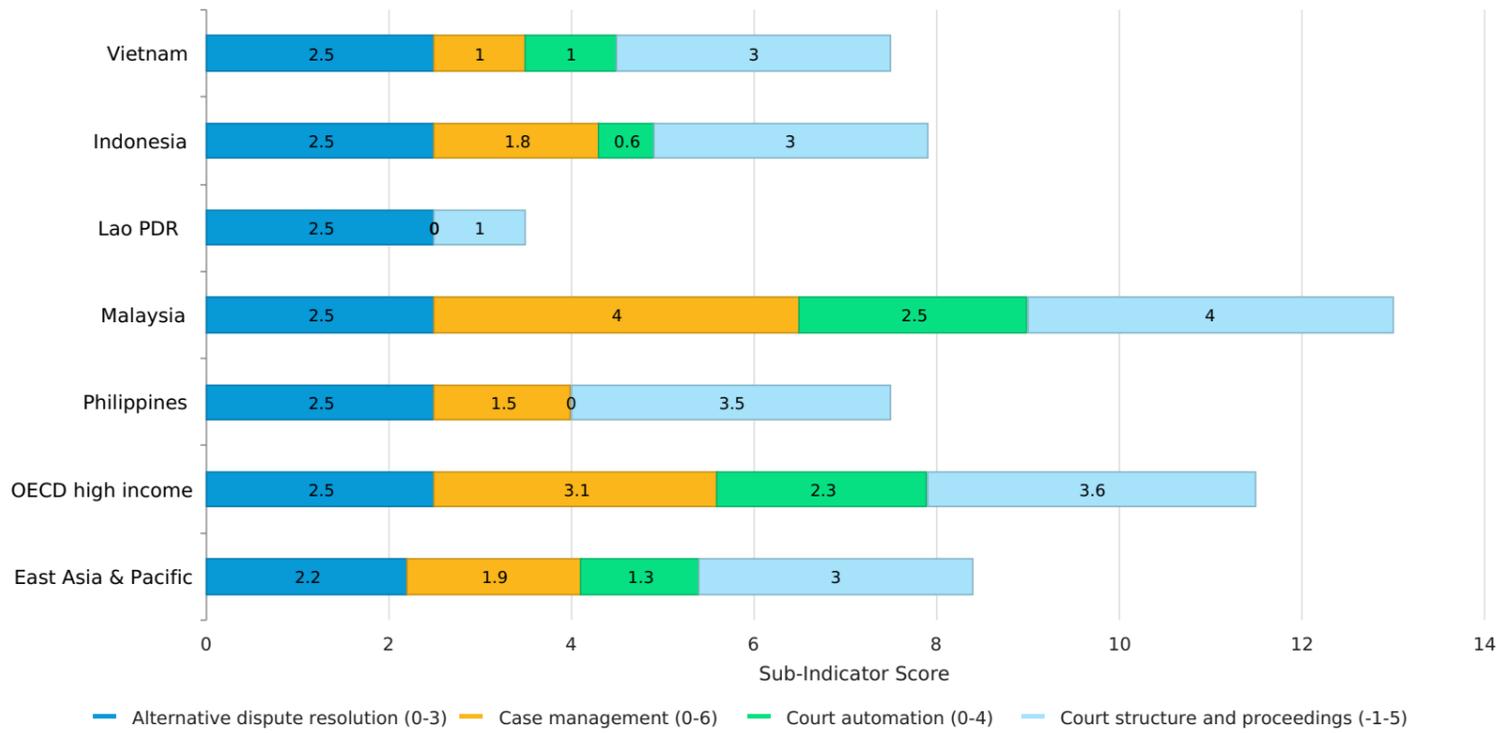


Figure - Enforcing Contracts in Vietnam and comparator economies - Measure of Quality



Details - Enforcing Contracts in Vietnam

	Indicator
<b>Time (days)</b>	<b>400</b>
Filing and service	50
Trial and judgment	200
Enforcement of judgment	150
<b>Cost (% of claim value)</b>	<b>29.0</b>
Attorney fees	21
Court fees	5
Enforcement fees	3
<b>Quality of judicial processes index (0-18)</b>	<b>7.5</b>
Court structure and proceedings (-1-5)	3.0
Case management (0-6)	1.0
Court automation (0-4)	1.0
Alternative dispute resolution (0-3)	2.5

## Details - Enforcing Contracts in Vietnam - Measure of Quality

	Answer	Score
<b>Quality of judicial processes index (0-18)</b>		<b>7.5</b>
<b>Court structure and proceedings (-1-5)</b>		<b>3.0</b>
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
<b>Case management (0-6)</b>		<b>1.0</b>
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
<b>Court automation (0-4)</b>		<b>1.0</b>
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		1.0
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?	Yes	
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?	Yes	
<b>Alternative dispute resolution (0-3)</b>		<b>2.5</b>
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

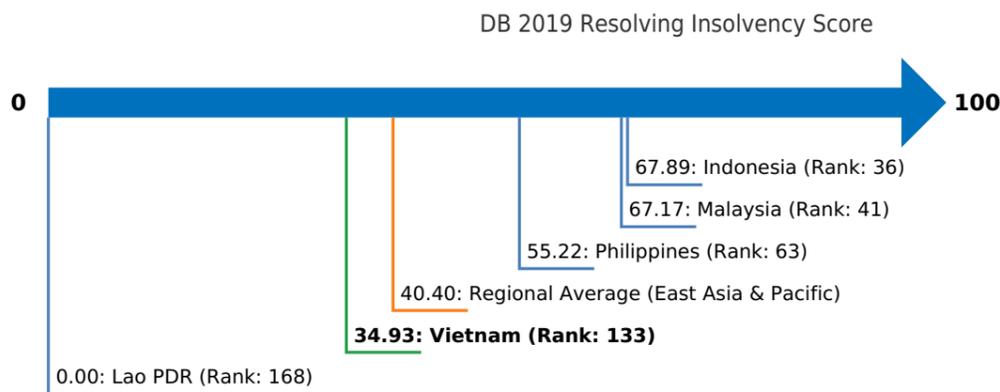
*Doing Business* studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure 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 was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Time required to recover debt (years)</b></p> <ul style="list-style-type: none"> <li>• Measured in calendar years</li> <li>• Appeals and requests for extension are included</li> </ul>	<p>To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:</p>
<p><b>Cost required to recover debt (% of debtor's estate)</b></p> <ul style="list-style-type: none"> <li>• Measured as percentage of estate value</li> <li>• Court fees</li> <li>• Fees of insolvency administrators</li> <li>• Lawyers' fees</li> <li>• Assessors' and auctioneers' fees</li> <li>• Other related fees</li> </ul>	<ul style="list-style-type: none"> <li>- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.</li> <li>- 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.</li> <li>- 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.</li> </ul>
<p><b>Outcome</b></p> <ul style="list-style-type: none"> <li>• Whether business continues operating as a going concern or business assets are sold piecemeal</li> </ul>	<p>In addition, <i>Doing Business</i> evaluates the quality of legal framework applicable to judicial liquidation and reorganization proceedings and the extent to which best insolvency practices have been implemented in each economy covered.</p>
<p><b>Recovery rate for creditors</b></p> <ul style="list-style-type: none"> <li>• Measures the cents on the dollar recovered by secured creditors</li> <li>• Outcome for the business (survival or not) determines the maximum value that can be recovered</li> <li>• Official costs of the insolvency proceedings are deducted</li> <li>• Depreciation of furniture is taken into account</li> <li>• Present value of debt recovered</li> </ul>	
<p><b>Strength of insolvency framework index (0- 16)</b></p> <ul style="list-style-type: none"> <li>• Sum of the scores of four component indices:</li> <li>• Commencement of proceedings index (0-3)</li> <li>• Management of debtor's assets index (0-6)</li> <li>• Reorganization proceedings index (0-3)</li> <li>• Creditor participation index (0-4)</li> </ul>	

Resolving Insolvency - Vietnam

Indicator	Vietnam	East Asia & Pacific	OECD high income	Best Regulatory Performance
Recovery rate (cents on the dollar)	21.3	35.5	70.5	None in 2017/18
Time (years)	5.0	2.6	1.7	0.4 (Ireland)
Cost (% of estate)	14.5	20.6	9.3	1.0 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0	..	..	..
Strength of insolvency framework index (0-16)	7.5	6.8	11.9	None in 2017/18

Figure - Resolving Insolvency in Vietnam and comparator economies - Ranking and Score



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

Figure - Resolving Insolvency in Vietnam - Time and Cost

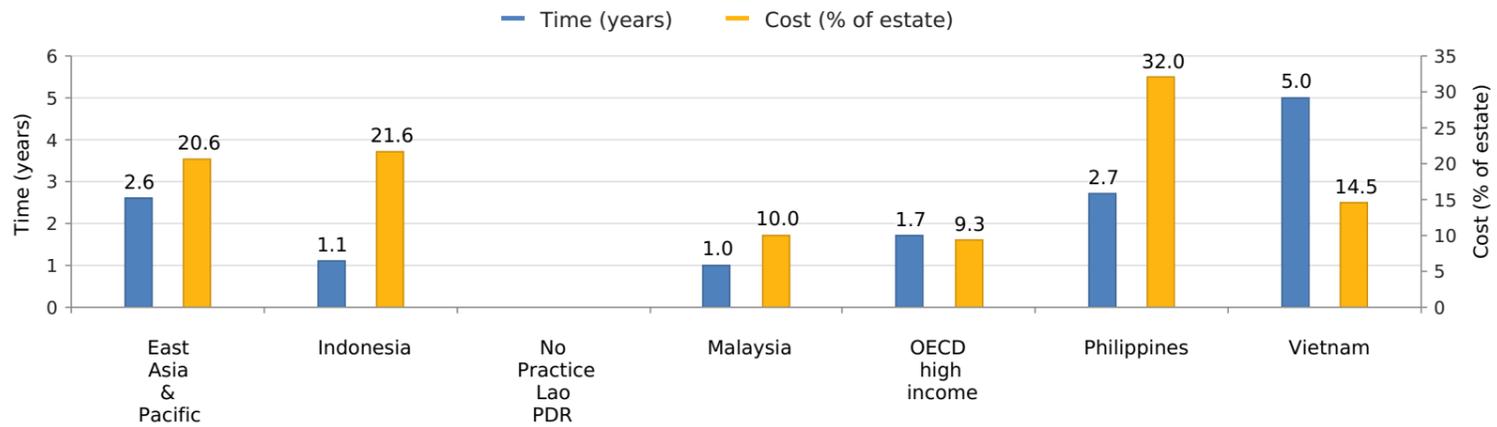
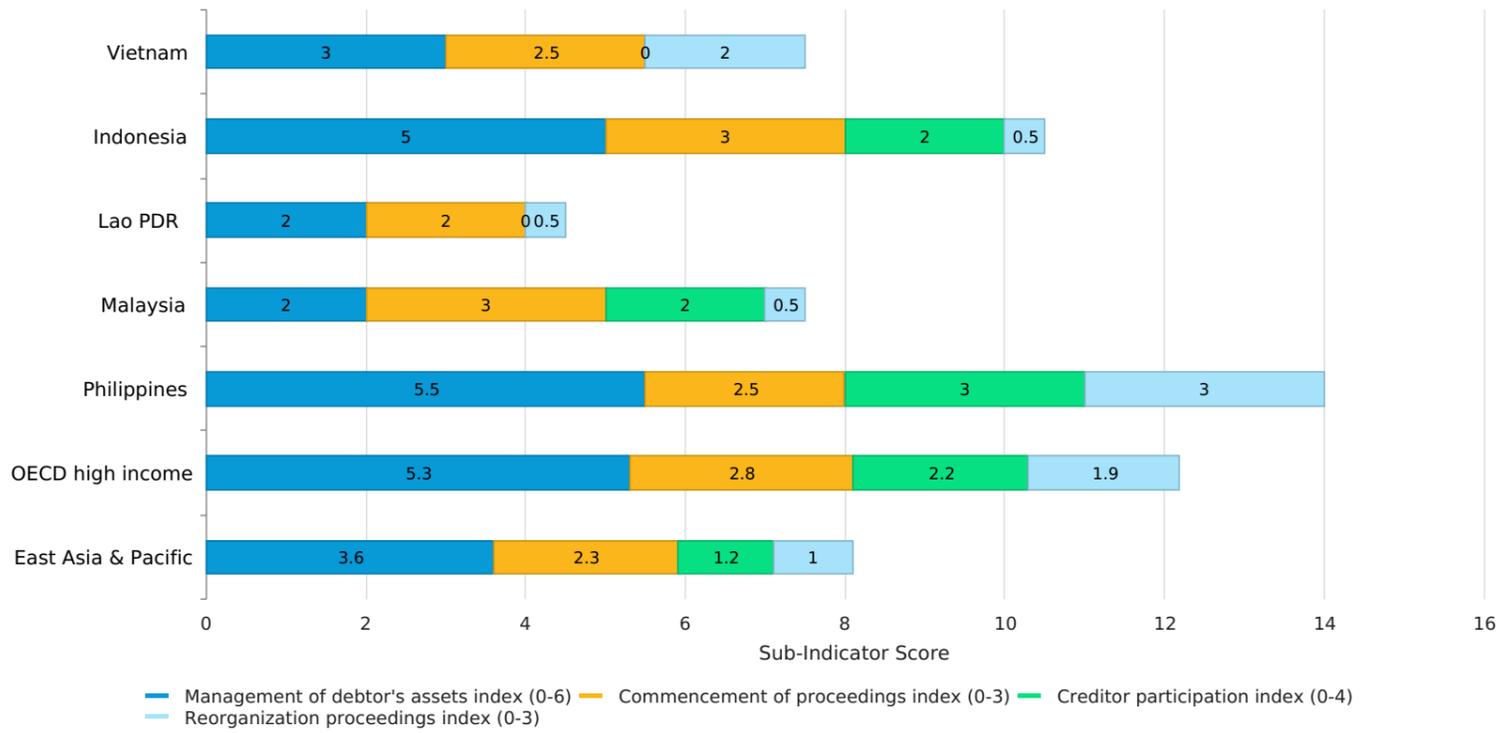
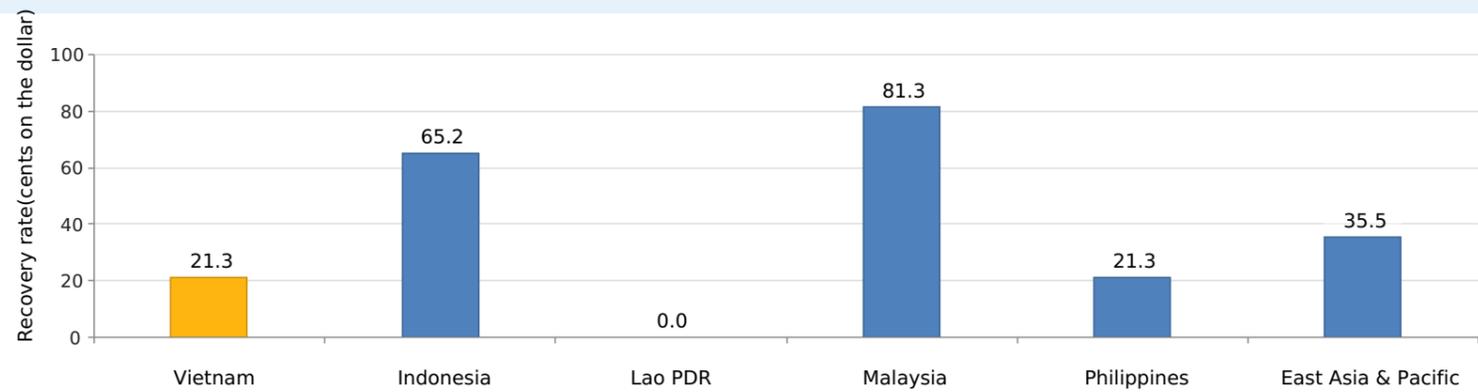


Figure - Resolving Insolvency in Vietnam and comparator economies - Measure of Quality



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."

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



## Details - Resolving Insolvency in Vietnam

Indicator	Answer	Score
Proceeding	liquidation (after an attempt at reorganization)	According to Articles 5.3 and 5.4 of the Law on Bankruptcy No. 51/2014/QH13, the legal representative/owner of Mirage has the obligation to file a petition for commencement of bankruptcy procedures when Mirage becomes insolvent. With the assumption that the Mirage's management wants to keep the company operating, they will initiate reorganization and secured creditors will be subject to the 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 of the 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	Since this year the company expects to have a negative net worth and the cash flow will cover only operating expenses, but not the principal or interest payments to BizBank, then, although both the Mirage's founder and Mirage management want to keep the company operating, it is likely that Mirage will remain insolvent after the expiration of 3-years time limit to implement the plan of reorganization. The Court will therefore issue a decision declaring the bankruptcy of Mirage and the hotel will stop operating, while its assets will be used to repay the secured debt owed to Bizbank. Other assets will be sold piecemeal conducted by an auctioneer in a public sale.
Time (in years)	5.0	A reorganization procedure that is then converted into liquidation will approximately take 5 years in practice. The following are the main steps in the whole process: 1. Acceptance of the bankruptcy procedure: about 2 months from the submission of the relevant petition for commencement of bankruptcy procedure (Chapter II of the 2014 Bankruptcy Law). 2. The issuance of a decision on commencement of bankruptcy procedure: 1 month from the acceptance date (Article 42 of the 2014 Bankruptcy Law). 3. Submission of notices requesting for payment of debts by creditors: 1 month from the date of the decision to commence the bankruptcy procedure (Article 66 of the 2014 Bankruptcy Law). 4. Preparation of the list of creditors: 0.5 month from the date of the expiry for submission of notices for payment of debts by creditors (Article 67 of the 2014 Bankruptcy Law). 5. Convening the meeting of creditors: about 1 month from the date of the finalization of the list of creditors (Article 75 of the 2014 Bankruptcy Law). 6. Formulation and implementation of the plan for recovery of the business: In practice, it will take almost 2 years to prepare the creditors list, draft and vote the plan (Chapter VII of the 2014 Bankruptcy Law). 7. As the reorganization is likely to fail, the case will then be converted into liquidation; 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 includes attorney fees (6%), insolvency representative fees (2%), fees of accountants, assessors, inspectors and other professionals (4%), and auctioneer fees (3%).
Recovery rate (cents on the dollar)		21.3

## Details - Resolving Insolvency in Vietnam - Measure of Quality

	Answer	Score
<b>Strength of insolvency framework index (0-16)</b>		<b>7.5</b>
<b>Commencement of proceedings index (0-3)</b>		<b>2.5</b>
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
<b>Management of debtor's assets index (0-6)</b>		<b>3.0</b>
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
<b>Reorganization proceedings index (0-3)</b>		<b>2.0</b>
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
<b>Creditor participation index (0-4)</b>		<b>0.0</b>
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 detailed data for the labor market regulation indicators on the *Doing Business* website (<http://www.doingbusiness.org>). The report does not present rankings of economies on these indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business.

The most recent round of data collection was completed in May 2018. [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.

## Labor Market Regulation - Vietnam

## Details - Labor Market Regulation in Vietnam

	Answer
<b>Hiring</b>	
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)	172.6
Ratio of minimum wage to value added per worker	0.7
Maximum length of probationary period (months)	1.0
<b>Working hours</b>	
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
<b>Redundancy rules</b>	
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
<b>Redundancy cost</b>	
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
<b>Job quality</b>	
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?	No
Unemployment protection after one year of employment?	Yes
Minimum contribution period for unemployment protection (months)?	12.0

## Business Reforms in Vietnam

In the past year, *Doing Business* observed a peaking of reform activity worldwide. From June 2, 2017, to May 1, 2018, 128 economies implemented a record 314 regulatory reforms improving the business climate. Reforms inspired by *Doing Business* have been implemented by economies in all regions. The following are reforms implemented since *Doing Business* 2008.

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

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### DB2019

- ✓ **Starting a Business:** Vietnam made starting a business easier by publishing the notice of incorporation online and by reducing the cost of business registration.
- ✓ **Paying Taxes:** Vietnam made paying taxes easier by no longer requiring hard copy submission of the value added tax return and allowing joint payment of the business license tax and value added tax. Vietnam also made paying taxes less costly by reducing the employer's contribution to the labor fund.
- ✓ **Enforcing Contracts:** Vietnam made enforcing contracts easier by making judgments rendered at all levels in commercial cases available to the public online.

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### 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 by introducing an online platform for filing social security contributions. At the same time, Vietnam restricted VAT cash refunds to exporters.
- ✓ **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.

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### 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.

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### 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.

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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.
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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.
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DB2013

- ✓ **Starting a Business:** Vietnam made starting a business easier by allowing companies to use self-printed value added tax invoices.
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DB2012

- ✓ **Protecting Minority Investors:** Vietnam strengthened investor protections by requiring higher standards of accountability for company directors.
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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.
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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.
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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.
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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 2019* is the 16th 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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