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2025-2026

VIETNAM TAX GUIDE

For Foreign Franchise Investors & Operators

How foreign nationals set up, run and stay compliant with a franchise business in Vietnam — company structure, corporate & value-added tax, e-invoicing, and cross-border royalties.

Go Global Franchise Hub

Tax guides for the international community

Updated 08/2026
CIT Law 67/2025 · Decree 181/2025 · Decree 70/2025

INTRODUCTION

Building a franchise business in Vietnam — the compliant way

Vietnam is one of Asia's most dynamic franchise markets. For a foreign investor or operator, the opportunity is real — and so is the responsibility to get the tax and legal structure right from the start.

This guide is the business companion to **"Vietnam Tax Guide for Foreigners Living & Working in Vietnam."** Where that guide covers your **personal** taxes, this one covers the **company**: how a foreign national holds and operates a franchise here, what the 2025–2026 reforms mean for Corporate Income Tax and VAT, how e-invoicing works, and — critically — how **cross-border royalties** are taxed when fees flow into or out of Vietnam.

Our philosophy is simple: **optimise only within the law**. A clean, well-structured entity is what lets you scale, bring in partners, and repatriate profits with confidence.

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HOW TO USE THIS GUIDE

An up-to-date orientation, not a substitute for a licensed tax/legal practitioner. Market-access conditions for foreign investors change; confirm your specific sector and structure with a Vietnamese adviser before committing. Amounts are in Vietnamese đồng (VND).

CONTENTS

What's inside

SECTION 1

Your options as a foreign investor

Foreigners cannot simply register the local "household business." You operate through a company — and franchising has specific market-access conditions.

Route	Availability to foreigners
Household business (hộ kinh doanh)	**Generally not available** to foreign individuals — this is the local small-trader model
Foreign-invested company (FDI LLC/JSC)	The standard route; pays CIT on profits, charges/reclaims VAT
Buying into / operating a franchise	Via an FDI company; franchising & retail carry conditional market-access rules

- Setting up an FDI enterprise involves an **Investment Registration Certificate** and an **Enterprise Registration Certificate**.
- Retail/distribution and franchising are **conditional sectors** — some activities need additional licences (e.g., an **Economic Needs Test** historically applied to additional retail outlets); confirm the current position for your activity.
- A **foreign brand franchising INTO Vietnam** must generally **register the franchise with the Ministry of Industry and Trade (MOIT)** before operating (see Section 6).

ACTION

Before you commit capital, get a Vietnamese corporate lawyer to confirm (1) your sector is open to your intended foreign ownership %, (2) which licences franchising/retail require, and (3) the MOIT franchise-registration path if a foreign brand is involved.

Source: Investment Law & Enterprise Law; foreign-investment market-access rules; Commercial Law on franchising.

SECTION 2

Corporate Income Tax — Law 67/2025

Effective 1 October 2025. For the first time, Vietnam tiers the CIT rate by revenue instead of a flat 20%.

Rate	Applies to
15%	Enterprises with total annual revenue ≤ VND 3 billion
17%	Revenue over VND 3 billion up to VND 50 billion
20%	Standard rate — most enterprises
25–50%	Oil & gas (by contract/field)
40–50%	Extraction of rare/precious resources

THE RELATED-PARTY CAVEAT

The 15% and 17% tiers do **not** apply automatically to every small company. Revenue is assessed under the **related-party rules**: a small subsidiary within a larger group may be excluded from the preferential rate. If your Vietnamese company is part of an international group, verify eligibility before applying the lower rate — a wrong rate means back-tax and penalties.

ACTION

Have your accountant compute each entity's annual revenue and test the related-party exclusion, then confirm any **incentives** (location, priority sectors, new projects) you may qualify for under Law 67/2025.

Source: Law on Corporate Income Tax No. 67/2025/QH15 (effective 1 October 2025).

SECTION 3

VAT on franchise fees & royalties

Franchising is a service subject to **10% VAT**. If your company charges franchise or royalty fees, you issue VAT invoices; if you pay them, you reclaim input VAT — subject to strict conditions.

Key rules

- **Franchise fees, royalties, training and support fees** → 10% VAT, recognised as taxable revenue for CIT.
- Selling **goods/raw materials** to sub-operators → VAT at the goods' applicable rate.
- Issue invoices at the correct **time of supply** to avoid late/omission findings.

Decree 181/2025/NĐ-CP (effective 1 July 2025) — the rule to memorise

CASHLESS THRESHOLD CUT: VND 20M → VND 5M

Any **purchase of VND 5 million or more** (VAT-inclusive) is only **deductible for VAT** and **allowable as a CIT expense** if paid by **non-cash means** (bank transfer). Pay a large supplier in cash and you lose the input VAT and the expense deduction. This affects every purchase your business makes.

Other Decree 181/2025 points

- Agency/brokerage commissions are VATable (unless the underlying goods/services are exempt or zero-rated).
- Clearer rules on promotions and loyalty-program pricing.
- Refund tightening: goods imported then re-exported to a third country no longer qualify for a refund.

ACTION

Adopt an internal rule from day one: **every payment of VND 5M+ goes by bank transfer**. Train procurement and every outlet manager. For F&B, this is decisive because ingredient purchases are frequent and large.

Source: Law on VAT 2024; Decree 181/2025/NĐ-CP (effective 1 July 2025).

SECTION 4

E-invoices & cash registers

Decree 70/2025/NĐ-CP expands mandatory **e-invoices generated from cash registers** for retail, food & beverage and other consumer-facing businesses.

- Consumer-facing outlets (F&B, retail) must **issue e-invoices via a connected point-of-sale (POS)** and transmit data to the tax authority.
- The decree refines invoice timing, content and error-handling.
- For a multi-outlet franchise, adopt a **single POS/e-invoice standard** across the network — it controls real revenue (the base for royalties) and reduces risk for everyone.

RISK FLAG

POS/e-invoice data is visible to the tax authority in near real time. If declared revenue diverges from POS/e-invoice revenue, the system flags it and audit risk rises sharply. Make sure every outlet issues e-invoices in full.

Source: Decree 70/2025/NĐ-CP on invoices and documents.

SECTION 5

Cross-border royalties & Foreign Contractor Tax

This is where franchise money crosses borders — and where foreign operators most often trip up. Royalties are taxed at both ends; the double-taxation agreements are the relief.

5.1 — Paying a franchise/royalty fee OUT of Vietnam (to a foreign brand)

YOU MUST WITHHOLD FOREIGN CONTRACTOR TAX (FCT)

When your Vietnamese company pays a franchise/royalty fee to a foreign brand owner with no permanent establishment in Vietnam, you must **withhold and remit FCT**: **5% VAT + 10% CIT** on the fee (Circular 80/2021). File and pay within **10 days** of payment (Decree 126/2020).

EXAMPLE

Paying VND 500M in royalties to a foreign licensor without a PE in Vietnam: VAT portion VND 25M (5%) + CIT portion VND 50M (10%) = **VND 75M withheld and remitted**; the licensor receives the balance (unless the contract grosses up).

5.2 — Receiving royalties INTO Vietnam (your Vietnamese company is the franchisor)

- The receipt is **revenue of your Vietnamese company** → subject to CIT in Vietnam.
- The paying country often **withholds tax at source** on the outbound royalty (commonly ~10% under a DTA).
- **Foreign tax paid can be credited** against your Vietnamese CIT on that income — provided you hold the **withholding certificate** and DTA documentation.

ACTION

Put a clear **tax (gross-up) clause** in every cross-border franchise contract, and collect the foreign **withholding-tax certificate** for each payment so you can claim the credit in Vietnam rather than being taxed twice.

Source: Circular 80/2021/TT-BTC; Decree 126/2020/NĐ-CP; Vietnam's Double Taxation Agreements.

SECTION 6

Franchise registration & contract tax clauses

Compliance starts with the paperwork. A foreign brand entering Vietnam has a registration step; every contract should be explicit about tax.

Franchise registration

- A **foreign brand franchising into Vietnam** must generally **register the franchise with the Ministry of Industry and Trade (MOIT)** before commencing.
- Purely **domestic-to-domestic** franchising is generally under a **reporting** regime with the provincial Department of Industry and Trade rather than MOIT registration, but records must still be maintained.
- Registration/reporting does not replace tax obligations — but it underpins how revenue and expenses are recognised.

Tax clauses your contract should contain

- [ ] Whether fees are **inclusive or exclusive of VAT**; invoicing obligations.
- [ ] For cross-border deals: a **gross-up / allocation of withholding tax** clause.
- [ ] A commitment to provide **tax-payment certificates** so credits can be claimed under the DTA.
- [ ] A clear definition of **"revenue"** for royalty calculations, tied to POS/e-invoice data.

NOTE

Franchise-registration procedure sits under commercial law and can change. Confirm the current MOIT process before each new cross-border deal.

Source: Commercial Law and franchising regulations; MOIT franchise registration.

SECTION 7

Your personal tax as an owner

Owning the company is only half your obligation — you have personal taxes too. This section cross-references the companion guide.

Item	What to know
Tax residency	183 days → resident (worldwide income, progressive); otherwise non-resident (20% Vietnam-source)
Salary PIT	If you draw a salary, it is taxed at the progressive rates after deductions (VND 15.5M self / 6.2M per dependent)
Dividends	From 1 July 2026, dividends/capital investment income taxed at **5%** (Decree 253/2026)
Social insurance	If you hold a local labour contract of 12+ months with a work permit and are below retirement age, compulsory SI applies (employee 9.5% / employer 20.5%)

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See the companion guide **"Vietnam Tax Guide for Foreigners Living & Working in Vietnam"** for the full detail on residency, PIT finalization, social insurance and double-taxation relief.

SECTION 8

Compliance calendar & checklist

When	Obligation
Monthly / quarterly	VAT return; PIT withholding for staff; Foreign Contractor Tax when paying abroad
Quarterly	Provisional CIT payments (keep total in line with the year-end finalization to avoid late-payment interest)
Annually	CIT finalization & financial statements (generally within 90 days of year-end); PIT finalization for staff
Per event	Issue e-invoices at the point of supply; remit FCT within 10 days of a cross-border payment

Operator checklist

- ☐ Is my entity applying the correct CIT rate (15/17/20%) after the related-party test?
- ☐ Is the "VND 5M+ by bank transfer" rule enforced across all outlets?
- ☐ Does every consumer-facing outlet issue e-invoices from its POS?
- ☐ Have I withheld and remitted FCT on every payment to a foreign brand/software provider?
- ☐ For inbound royalties: do I hold the foreign withholding certificates to claim DTA credit?
- ☐ Is the franchise registered/reported correctly (MOIT or provincial DoIT)?
- ☐ Are my own personal taxes (residency, PIT, dividends, SI) handled?

SECTION 9

Risk flags — where the tax authority looks

1. **Declared revenue vs POS/e-invoice revenue** — the top risk for F&B and retail chains.
2. **Disallowed expenses** from missing non-cash payment proof (VND 5M+ paid in cash).
3. **Wrong CIT tier** — applying 15/17% when related-party rules exclude it.
4. **Missed Foreign Contractor Tax** on payments abroad (software, platforms, royalties) — very common and easily back-taxed.
5. **Timing of franchise-fee revenue** — one-off initial fee vs recurring royalties.
6. **Transfer pricing** — related-party charges between group entities need arm's-length support (Decree 132/2020).

GOLDEN RULE

Proactive compliance is far cheaper than a back-tax assessment. Turn each risk above into a quarterly control and you remove almost all of your exposure.

APPENDIX

Quick reference

Core rates

Item	Rate	Basis
CIT — revenue ≤ VND 3B	15%	Law 67/2025
CIT — revenue VND 3–50B	17%	Law 67/2025
CIT — standard	20%	Law 67/2025
VAT on franchise/royalty (domestic)	10%	VAT Law
Non-cash payment threshold for deduction	≥ VND 5M	Decree 181/2025
Foreign Contractor Tax on royalty (VAT + CIT)	5% + 10%	Circular 80/2021
Owner dividend tax (from 1 Jul 2026)	5%	Decree 253/2026

Key instruments

- Law on Corporate Income Tax No. **67/2025/QH15** (effective 1 October 2025)
- Law on VAT 2024 & Decree **181/2025/NĐ-CP** (effective 1 July 2025)
- Decree **70/2025/NĐ-CP** — invoices & cash-register e-invoices
- Circular **80/2021/TT-BTC** & Decree **126/2020/NĐ-CP** — tax administration & Foreign Contractor Tax
- Decree **132/2020/NĐ-CP** — related-party transactions / transfer pricing
- Investment Law, Enterprise Law & Commercial Law (foreign investment & franchising)

STAY CURRENT

Foreign-investment and tax rules are moving quickly in 2025–2026. Go Global Franchise Hub's weekly tax briefing tracks each change from draft to effective date.

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