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Luther in Vietnam

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Dear Readers,

Welcome to the February 2026 edition of Luther Vietnam's Monthly Newsletter. As we celebrate the Lunar New Year – Chúc Mừng Năm Mới! – we extend our warmest wishes to all our readers for a prosperous and successful Year of the Fire Horse. As Vietnam's regulatory landscape continues to evolve at pace, this edition focuses on four key compliance areas that are directly reshaping how businesses operate in the country: personal data protection, tax administration, accounting compliance, and workforce governance. Each of these developments reflects a broader and deliberate shift by Vietnamese authorities towards greater digitalisation, transparency, and enforcement rigour. Our insights are designed to provide you with the clarity and practical guidance needed to navigate these changes with confidence.

The first article examines Vietnam's new personal data protection framework under Decree 356/2025/ND-CP ("D.356"), which entered into force on 1 January 2026. This decree replaces Decree 13/2023/ND-CP and introduces a comprehensive set of compliance obligations for all companies processing personal data in Vietnam. The article highlights three developments of particular operational significance: the mandatory appointment of a Data Protection Officer, structured and category-specific deadlines for responding to data subject requests, and a formal pre-submission regime for cross-border data transfers. For international businesses already familiar with the EU General Data Protection Regulation, the article explains where the Vietnamese framework diverges and where additional action is required.

The second article provides an overview of the Law on Tax Administration 2025, adopted by the National Assembly on 10 December 2025 and due to take effect on 1 July 2026. The reform significantly modernises Vietnam's tax administration framework, introducing risk-based taxpayer classification, an expanded taxpayer scope covering foreign digital businesses, a shortened statute of limitations for supplementary declarations, and automated processing of refunds and exemptions. Of particular note for senior management is the strengthened exit restriction regime, which now extends to ultimate beneficial owners with outstanding tax obligations. The article outlines the key provisions and their practical implications for businesses operating in Vietnam.

The third article addresses administrative enforcement in the field of accounting compliance. While the underlying legal framework – principally Decree 41/2018/ND-CP – has not fundamentally changed, the enforcement environment has shifted considerably. The increasing digitalisation of administrative procedures, combined with greater inter-agency data exchange, has materially increased the likelihood that accounting deficiencies will be detected and sanctioned. The article identifies the most frequently occurring risk areas – including formal deficiencies in accounting records, inconsistencies between books and financial statements, and retention failures – and explains why accounting compliance has become a broader regulatory risk management issue for internationally active companies.

The final article covers Decree 337/2025/ND-CP ("D.337"), which entered into force on 1 January 2026 and establishes a comprehensive legal framework for electronic labour contracts in Vietnam. By introducing a centralised National eContract Platform and setting out detailed requirements for digital signatures, data integrity, authentication, and contract lifecycle management, D.337 represents a significant step in the digitalisation of workforce governance. The article explains the technical and legal requirements for employers, outlines the rules governing conversion between paper and electronic form, and discusses the strategic decisions businesses must now consider when assessing whether and when to migrate to a fully digital contract structure.

We trust that the insights in this edition will provide you with a clear and actionable understanding of these regulatory developments and their implications for your business in Vietnam. Our dedication to supporting your operations in this market remains unwavering, and we continue to offer practical, business-oriented advice you can rely on.

As always, our experts are available to provide tailored advice to meet your specific needs. Please do not hesitate to reach out should you have any questions or require further assistance.

Sincerely,



Luther Vietnam Law LLC.

Ho Chi Minh City, February 2026

■ FOCUS

Personal Data Protection in Vietnam: New Regulatory Duties and Enforcement Exposure



1. Introduction

Vietnam has significantly tightened its personal data protection regime. With the entry into force of the new Personal Data Protection Decree (Decree No. 356/2025/ND-CP ("**D.356**"), replacing Decree 13/2023/ND-CP ("**D.13**"), companies operating in Vietnam now face enhanced compliance duties, stricter procedural requirements and materially increased enforcement exposure.

For many international businesses, especially those already subject to the EU General Data Protection Regulation ("**GDPR**"), the key question is not whether data protection obligations exist – but how the Vietnamese framework compares, where it goes beyond GDPR standards, and what concrete operational adjustments are now required.

While Vietnam's regime shares several structural similarities with the GDPR, D.356 introduces important clarifications and – in some areas – more rigid formal requirements.

In particular, the new mandatory appointment of a Data Protection Officer ("**DPO**") represents a significant governance shift for many companies.

2. Mandatory Retention of Consent Data Processing Records

Companies must retain:

- records of data subjects' consent;
- documentation of data processing activities; and
- related compliance documentation,

for the entire duration of data processing.

While documentation obligations were already implicit under D.13, the new decree makes this requirement more explicit and structured. In this respect, the approach is broadly comparable to the GDPR's accountability principle (Art. 5(2) and Art. 30 GDPR), which requires controllers to maintain records of processing activities.

However, unlike the GDPR – which provides limited exemptions for certain smaller enterprises – the Vietnamese regime does not offer comparable carve-outs in a similarly differentiated manner.

Practical Takeaway

For GDPR-compliant organisations, existing record-keeping systems can typically serve as a foundation, but they must be aligned with Vietnamese terminology and regulatory expectations.

3. Statutory Response and Handling Timelines for Data Subject Requests

Under D.13, the regulation primarily defined the scope of data subject rights without imposing structured procedural timelines for their execution. D.356 adopts a fundamentally different approach. It concentrates on the operational execution of these rights and imposes structured implementation duties on data controllers and data processors.

This is a material change. Companies can no longer rely on a single uniform response window. Instead, each category of data subject request now carries its own statutory deadline – with separate timelines where third parties are involved and a strictly limited one-time extension right.

The following table sets out the applicable deadlines:

Type of request of personal data subject	Completion Deadline (Data Controller / Processor)	Completion Deadline (Third-Party Involvement)	Extension (One-Time Only)
Withdrawal of consent, restriction of processing, or objection to the processing of personal data	15 days	20 days	15 days
Access, rectification, and provision of personal data	10 days	15 days	10 days
Erasure of personal data	20 days	30 days	20 days
Requests for personal data protection measures	15 days	Not applicable	15 days

Meeting these deadlines requires more than a legal response – it demands real-time cross-functional coordination between legal, IT, HR, and operations teams, as well as demonstrable procedural controls and systems capability. For companies with complex data architectures, multiple vendors, or intra-group data flows, compliance will require structured internal processes and, in many cases, investment in operational infrastructure.

Failure to operationalise these requirements constitutes a material compliance risk. Inadequate implementation may result in regulatory sanctions, adverse audit findings, and reputational exposure.

Practical Takeaway

For GDPR-compliant organisations, existing data subject rights management processes can provide a workable starting point. However, the Vietnamese timeline structure differs from the GDPR's general one-month standard response period and must be adapted accordingly. Companies should map current workflows against the new deadlines and identify where process gaps exist.

4. Compulsory Appointment of Data Protection Officer (DPO)

D.356 introduces, for the first time, a specific and mandatory obligation for both data controllers and data processors to appoint a DPO or designate a dedicated data protection unit. This moves Vietnam closer to the GDPR model – but with distinct local requirements that cannot simply be satisfied by reference to an existing group-level compliance function.

4.1 Internal DPO

The appointed data protection personnel must satisfy the following competency criteria:

- At least a college-level degree or higher;
- A minimum of two years of relevant work experience, counted from the date of graduation, in one or more of the following fields: legal affairs, information technology, cybersecurity, data security, risk management, compliance, human resources management, or organisational administration;
- Completion of professional training or capacity-building programmes in personal data protection law and related professional skills.

The designation must be made through a formal written decision of the relevant agency or organisation, clearly defining the allocation of responsibilities, functions, and powers of the appointed personnel.

For many international businesses, this requirement represents a significant governance shift. Importantly, a GDPR-designated group DPO does not, by itself, satisfy Vietnamese legal requirements unless all conditions under D.356 are independently met. Foreign-invested companies should therefore assess whether their existing compliance personnel qualify under the new criteria.

4.2 Outsourcing DPO Function to Certified Providers

D.356 introduces, for the first time, the option to outsource the DPO function to certified external service providers – both individuals and corporate entities. This is a practical and commercially significant development.

Whilst individual providers must meet the same qualification requirements as an internally appointed DPO, corporate service providers are subject to additional institutional criteria. A corporate provider must:

- Operate in the fields of technology, legal services, or advisory services;
- Employ at least three professionals who satisfy the individual qualification requirements set out in Article 15 of D.356;
- Demonstrate proven experience in cybersecurity, IT security, compliance assessment, or data protection advisory services.

The outsourcing option offers meaningful operational flexibility for foreign-invested enterprises that lack in-house expertise or that are in the early stages of building their local compliance function.

However, outsourcing does not transfer regulatory responsibility. The appointing company remains accountable. Effective contractual structuring, clear allocation of duties, and ongoing supervision of the external provider are therefore essential. Engaging an unqualified provider – or failing to implement adequate oversight – may result in regulatory sanctions and contractual liability exposure.

Practical Takeaway

The mandatory DPO requirement is one of the most operationally significant changes introduced by D.356. Companies should act promptly to assess their current governance arrangements, identify any qualification gaps, and evaluate whether internal appointment or outsourcing better suits their operational profile.

5. Stricter Cross-Border Data Transfer Requirements

D.356 introduces a formal pre-approval requirement for certain categories of cross-border data transfers, replacing what was previously a less structured and procedurally uncertain regime. The new framework establishes defined transfer scenarios, clear documentation requirements, and binding regulatory timelines. For companies with cross-border data flows – which includes most internationally active businesses – this is one of the most practically significant developments under the new decree.

5.1 Mandatory Cross-Border Transfer Cases

The following transfer scenarios are subject to the new regime:

- Offshore storage arrangements: the storage of personal data collected or held in Vietnam on servers located outside Vietnamese territory, including the use of foreign cloud service providers;
- Direct transfer to foreign recipients: the transfer of personal data from an entity or individual in Vietnam to a recipient located abroad;
- Offshore processing activities: the transfer of personal data collected in Vietnam to platforms or systems located outside Vietnam for further processing.

5.2 Procedural Requirements

Companies transferring personal data from Vietnam to overseas locations must complete a formal Data Transfer Impact Assessment (“DTIA”) dossier in two sets: one set must be retained internally and kept available for regulatory inspection; one original set must be submitted to the competent authority within 60 days of the first transfer, unless a statutory exemption applies.

As a new requirement under D.356, the DTIA dossier must include a copy of the contract or data transfer agreement between the transferring party and the overseas recipient. This formalises accountability between the parties and subjects cross-border data flows to enhanced regulatory scrutiny.

D.356 also establishes a fixed 15-day deadline for the competent authority to review the submitted DTIA and issue a formal determination of compliance or non-compliance. This is a material procedural clarification: under D.13, no formal decision was issued upon receipt of a transfer assessment, resulting in considerable legal uncertainty as to the regulatory status of submitted filings.

The DTIA is not a one-off requirement. It must be reviewed and updated at six-month intervals from the date of initial submission where legally relevant changes occur, making it an ongoing governance obligation.

5.3 Exemption Cases

D.356 clarifies specific categories of transfer that are exempt from the DTIA requirement:

- Cross-border transfers carried out by authorised governmental bodies;
- Storage by an organisation of its own employees' personal data on cloud computing services;
- Transfers where the data subject independently transfers his or her own personal data across borders;
- Data processing conducted for press and media purposes in accordance with applicable law;
- Cross-border transfers of personal data that have been lawfully made public;
- Transfers strictly necessary in urgent circumstances to protect the life, health, or property of individuals, or to fulfil statutory duties;
- Transfers for cross-border personnel management in accordance with labour regulations, internal rules, and collective labour agreements;
- Provision of personal data for the purpose of contract conclusion or performance, including cross-border transportation, logistics, remittance, payment services, hotel reservations, visa applications, and scholarship applications.

Whilst these exemptions provide targeted relief for specific scenarios, they do not eliminate regulatory scrutiny over corporate cross-border data flows. In practice, most structured intra-group enterprise data transfers will continue to fall within the mandatory regime.

The new cross-border transfer regime has direct implications for a wide range of business operations, including consolidated reporting cycles, shared service centre arrangements, intra-group data sharing, and post-merger integration processes. Regulatory timelines must now be factored into project planning and digital transformation strategies from the outset.

Unauthorised or non-compliant transfers may result in significant administrative fines and, in serious cases, suspension of cross-border data flows – a potentially disruptive outcome for businesses that rely on seamless international data exchange.

Practical Takeaway

Companies should conduct a structured audit of all existing cross-border data flows to determine which transfers fall within the mandatory regime and which may qualify for an exemption. Where DTIA filings are required, they should be prepared and submitted promptly, and a process established for the mandatory six-month review cycle.

6. Closing Remarks

Vietnam has undergone a structural transformation of its personal data protection regime. What previously consisted of fragmented, sector-specific provisions was first consolidated through D.13 and subsequently elevated to statutory level by the 2025 Personal Data Protection Law. With the promulgation of D.356, the Government has completed the implementing framework of that Law, effective 1 January 2026.

The result is a comprehensive, enforceable, and GDPR-influenced compliance framework that places binding operational duties on all companies processing personal data in Vietnam. Data protection is no longer a secondary legal consideration – it is a board-level governance responsibility with direct implications for business continuity, enterprise value, and regulatory standing.

The key takeaways are clear: the new DPO requirement demands prompt governance action; the tiered data subject rights timelines require operational process adjustments; and the cross-border transfer regime imposes formal documentation and pre-submission obligations that must be integrated into project and investment planning.

Companies that delay structural adjustments materially increase their exposure to sanctions, operational disruption, and reputational damage.

7. How can we help?

We support companies in navigating the new Vietnamese data protection framework by conducting compliance gap assessments and aligning internal governance structures and operational processes with the statutory data subject rights timelines. We further advise on cross-border data transfer structuring and regulatory engagement with the competent authorities. Our approach combines local regulatory insight with international GDPR experience to deliver pragmatic, business-oriented compliance solutions.

Vietnam's Tax Administration Reform: Transparency, Digitalisation – and Tighter Compliance Controls



1. Introduction

In the context of increasing economic globalisation and the rapid expansion of cross-border trade, digital transformation has become an inevitable development for public administration in Vietnam. Against this backdrop, the Law on Tax Administration 2025 was adopted by the National Assembly on 10 December 2025 and will take effect on 1 July 2026, introducing a comprehensive reform of the tax administration framework.

The new provisions are expected to strengthen the State's capacity to prevent tax revenue losses, enhance transparency and modernisation in tax administration, and align more closely with international standards. At the same time, the revised framework seeks to streamline the process for filing and paying taxes, and to support business expansion in an increasingly digital economy.

For businesses operating in Vietnam – particularly those with cross-border structures, foreign management, or digital business models – the reform signals not only modernisation but also increased compliance scrutiny. Early preparation will be key.

2. Expansion of Taxpayer Scope

The Law on Tax Administration 2025 expands the scope of taxpayers to include an additional category: foreign organisations and individuals conducting business in Vietnam, generating income sourced in Vietnam, or operating through e-commerce platforms and digital platforms.

These provisions are intended to create a more level playing field between domestic and foreign businesses, as Vietnamese enterprises have historically been subject to closer regulatory oversight and have had to allocate significant resources to comply with tax filing and payment obligations. The expanded taxpayer scope enables tax authorities to more effectively monitor and control the activities of foreign entities without a physical commercial presence in Vietnam, ensuring that such entities fulfil their tax obligations in full.

Practical Takeaway

Businesses engaging foreign service providers, operating digital platforms, or generating cross-border income streams should assess whether new registration, declaration, or withholding obligations may arise under the broadened taxpayer definition.

3. Taxpayer Classification for Risk-Based Administration

The Law on Tax Administration 2025 introduces a formal taxpayer classification mechanism, under which tax authorities will categorise taxpayers based on criteria such as business sector, revenue scale, and tax compliance history.

This classification enables tax authorities to allocate administrative resources more effectively and apply supervisory measures proportionate to each taxpayer's risk profile. High-risk taxpayers may face enhanced monitoring, more frequent audits, and closer scrutiny.

Practical Takeaway

Companies with inconsistent filing practices, aggressive tax positions, or insufficient documentation should expect increased attention under this risk-based system. As a result, robust internal documentation and consistent tax reporting become even more critical.

4. Regulations on Supplementary Tax Declarations

One of the most practically significant changes concerns supplementary tax declarations following tax audits. In particular, the statute of limitations for submitting supplementary declarations has been reduced from ten years to five years.

This shortened limitation period significantly reduces the window for voluntary corrections and increases the likelihood that discrepancies identified during audits will result directly in tax reassessments and penalties. It substantially increases compliance risks for enterprises with weak or inconsistent documentation.

For example, if errors in cost allocation between a Vietnamese subsidiary and its foreign parent company are discovered during a tax audit, the opportunity for remediation is now more limited and typically accompanied by reassessment and financial sanctions.

Practical Takeaway

Businesses should regularly review their historical filings and ensure that supporting documentation is complete and internally consistent.

5. Late Payment Interest

Late payment interest must also be assessed from a risk management perspective. Although the statutory rate remains at 0.03% per day, the Government is now authorised to adjust this rate flexibly in line with socio-economic conditions.

For businesses, this introduces an element of uncertainty. Late payment interest can no longer be treated as a fixed and easily predictable cost but must instead be regarded as a financial risk variable requiring closer monitoring.

Practical Takeaway

Companies should implement internal controls and escalation mechanisms to ensure timely tax payments and avoid exposure to potentially increased interest rates in the future.

6. Exit Restriction Measures

Another notable change with direct implications for senior management is the requirement to fulfil outstanding tax obligations prior to exit from Vietnam. The scope of affected individuals has been significantly expanded to include ultimate beneficial owners in certain circumstances.

In practice, there have already been cases in which foreign directors or senior executives preparing to conclude their assignments in Vietnam encountered difficulties due to unresolved corporate tax issues. Under the new framework, this risk becomes more explicit and structured.

Practical Takeaway

Enterprises should implement internal procedures to review and settle any outstanding tax obligations well in advance of the planned departure of foreign directors, senior executives, and, where applicable, ultimate beneficial owners. This should include periodic tax compliance checks, coordination with the relevant tax authorities, and obtaining formal tax clearance confirmation where required, in order to avoid exit delays, administrative restrictions, or potential enforcement measures.

7. Automation of Tax Refunds, Exemptions, and Reductions

The Law on Tax Administration 2025 introduces an automated mechanism for tax refunds, exemptions, and reductions. Under this framework, tax authorities will process these procedures based on integrated data systems, risk management criteria, and automated workflows, while ensuring information security.

Implementation will be carried out in phases, depending on practical conditions, infrastructure capacity, and the level of information technology adoption. This reform is expected to enhance processing efficiency, reduce administrative burdens, and improve transparency for taxpayers.

Practical Takeaway

For compliant businesses with well-structured accounting systems, this digitalisation may lead to faster processing times and greater procedural predictability.

8. Conclusion

The Law on Tax Administration 2025 marks a significant shift towards a more transparent, risk-based, and digitally enabled tax administration system in Vietnam. While these reforms strengthen enforcement efficiency and align the system more closely with international standards, they also increase compliance pressure and regulatory visibility for businesses.

Enterprises operating in Vietnam should proactively review their tax compliance frameworks, strengthen internal controls, and ensure the accuracy, consistency, and documentation of tax and accounting records. Particular attention should be paid to cross-border transactions, historical filings, and the tax status of senior management and beneficial owners. The new regime rewards transparency and structured compliance – but it leaves less room for informal practices or delayed corrections. Early and structured preparation will be essential to mitigate risks and ensure smooth operations under the new regulatory environment.

9. How can we help?

We advise businesses on assessing the impact of the Law on Tax Administration 2025 on their operational and cross-border structures, including taxpayer classification risks, supplementary declaration exposure, and exit-related tax clearance requirements. Our team supports the review and strengthening of internal tax compliance frameworks, documentation standards, and reporting processes to align with the new risk-based and digitalised administration model. We also assist in managing tax audits, engaging with the tax authorities, and mitigating enforcement and financial risk under the reformed regime.

Accounting Compliance in Vietnam: When Bookkeeping Becomes a Regulatory Risk



1. Introduction

Vietnam applies a structured and increasingly consistent enforcement regime in the field of accounting compliance. While the underlying legal framework has been in place for several years, its practical relevance has grown significantly. Administrative inspections today are more standardised, more data-driven and more interconnected than in the past. As a result, accounting deficiencies – even where unintentional – are more likely to be detected and sanctioned.

This briefing outlines where administrative accounting risks typically arise, how enforcement works in practice, and why accounting compliance has become a broader regulatory issue rather than a purely internal bookkeeping matter.

2. Accounting Compliance in a Changing Enforcement Environment

The legal rules governing administrative penalties in the field of accounting have not fundamentally changed in recent years. Nevertheless, the enforcement landscape has.

Vietnamese administrative procedures are becoming increasingly digitalised. Accounting data, tax filings, licensing information and corporate records are more frequently processed electronically and cross-checked across authorities. As a result, administrative bodies no longer operate in isolated silos. Findings made in one procedure – for example during a tax audit or licensing review – may trigger scrutiny in other regulatory contexts.

For businesses, this means that accounting compliance issues are more visible and more easily traceable than before. Errors that might once have remained confined to a single inspection can now have wider regulatory implications.

Against this background, accounting compliance is no longer merely a technical or formal requirement. It forms part of a company's overall regulatory risk profile in Vietnam.

3. Legal Framework in Brief

Administrative violations in the field of accounting are primarily governed by Decree 41/2018/ND-CP. The Decree defines:

- Types of administrative violations,
- Applicable sanctions (warnings and monetary fines), and
- Remedial measures.

The statutory limitation period for imposing administrative penalties in accounting matters is generally two years.

Rather than reproducing the detailed fine brackets set out in the Decree, this article focuses on how violations are assessed in practice and where businesses are most likely to face exposure.

4. Typical Areas of Administrative Exposure

Administrative exposure in accounting matters does not arise randomly. In practice, sanctions tend to concentrate in recurring constellations that reflect structural weaknesses in documentation, reconciliation and internal controls.

4.1 Formal Deficiencies in Accounting Records

A substantial portion of administrative sanctions relates to formal or procedural deficiencies rather than substantive misconduct. Typical examples include:

- Missing or inconsistent signatures;
- Insufficient copies of accounting documents;
- Failure to translate foreign-language records into Vietnamese.

Individually, such issues may appear minor. However, authorities often assess them cumulatively. A pattern of formal deficiencies may be interpreted as a lack of internal control and increase the likelihood of sanctions.

These risks frequently arise where accounting processes are decentralised or where internal procedures are not fully aligned with local Vietnamese requirements.

4.2 Inconsistencies Between Records, Books and Financial Statements

Authorities attach particular importance to consistency across:

- Accounting records;
- Accounting books;
- And financial statements.

Discrepancies – even if resulting from technical adjustments or reporting practices – are treated as compliance issues. In practice, such inconsistencies often stem from:

- Reconciliation gaps between local accounting and group-level reporting;
- Differences between Vietnamese accounting standards and international frameworks;
- Timing differences in recognising revenues, costs or provisions.

Where discrepancies cannot be clearly explained and documented, administrative penalties and corrective orders may follow.

4.3 Retention and Archiving of Accounting Documents

Accounting compliance does not end with proper record creation. Vietnamese law also imposes detailed requirements regarding retention, archiving and destruction of accounting documents.

Common violations include:

- Late or incomplete archiving;
- Loss or damage of records during the retention period;
- Improper destruction procedures;
- Failure to organise archived documents by fiscal year and chronology.

In practice, retention issues often emerge during inspections unrelated to accounting as such, for example in the context of tax procedures.

4.4 Serious Violations: False or Manipulated Information

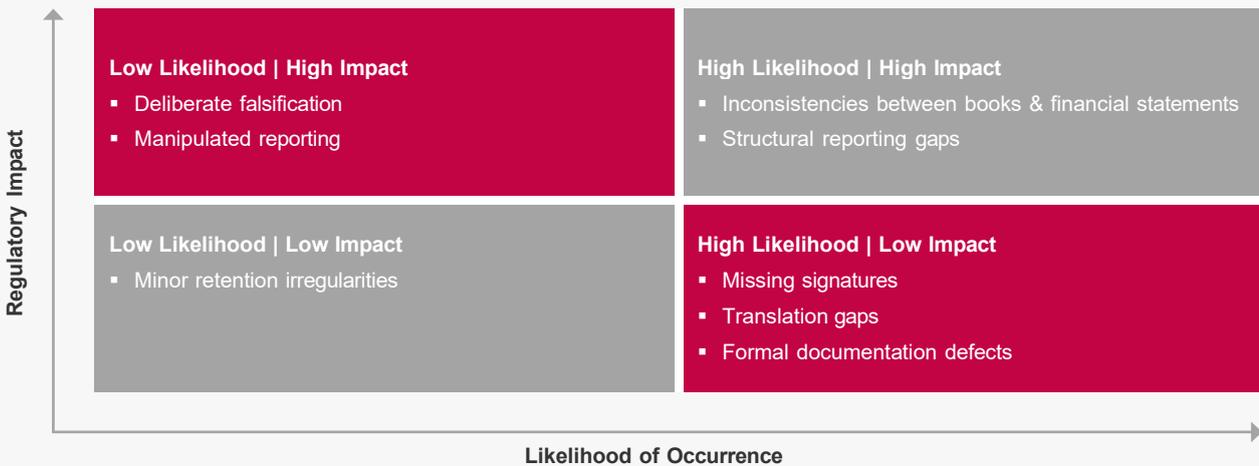
More severe sanctions apply where accounting records or financial statements contain false or deliberately misleading information, even where criminal thresholds are not met.

Although such cases are less frequent, the consequences go beyond monetary fines. They may trigger enhanced scrutiny by multiple authorities and require extensive remedial action.

4.5 Visual Risk Overview

The following risk map illustrates how typical accounting violations tend to cluster in practice, distinguishing between likelihood of occurrence and regulatory impact.

Risk Map: Administrative Accounting Violations in Vietnam



5. Illustrative Case Studies from Practice

The following examples reflect recurring enforcement patterns. They are illustrative and intended to highlight typical risk constellations rather than specific published cases.

Case Study 1 – Accounting Adjustments Without Proper Supporting Documentation

A foreign-invested company operating in Vietnam prepared its local accounting in compliance with Vietnamese standards. At group level, however, year-end adjustments were made for consolidation purposes. These adjustments were reflected in the financial statements submitted to authorities, but not fully supported by proper documentation.

During a routine inspection, authorities identified inconsistencies between the accounting books and the financial statements. Although no fraudulent intent was established, the company was fined for non-compliance and required to adjust its records retroactively.

Practical Takeaway

Group-level reporting adjustments must be traceable and properly documented at local level.

Case Study 2 – Retention Failures Following Personnel Changes

After internal restructuring, responsibility for document archiving shifted between departments. During a subsequent inspection, authorities found that certain accounting documents could not be produced and that retention procedures were not consistently applied.

The company faced administrative sanctions and was required to implement corrective measures.

Practical Takeaway

Retention compliance requires clear responsibilities and continuity, particularly during organisational changes.

6. Structural Risk Drivers in International Business Setups

In practice, accounting violations are rarely isolated incidents. They often arise from structural features of internationally active businesses, such as:

- **Fragmented Responsibilities:** Local accounting, central finance, external advisors and management may each handle parts of the process without fully integrated controls.
- **Diverging Accounting Frameworks:** Differences between local accounting standards and international reporting frameworks can create inconsistencies if not actively managed.
- **Increased Regulatory Transparency:** Digitalisation and inter-agency data exchange reduce the likelihood that inconsistencies remain undetected.

These factors are not limited to any specific industry or business model. They affect companies across sectors that maintain a legal presence or reporting obligations in Vietnam.

7. Remedial Measures Beyond Monetary Fines

Administrative penalties are often accompanied by corrective obligations. Authorities may require companies to:

- Supplement missing information;
- Correct accounting books and records;
- Restore lost or damaged documents;
- Re-prepare financial statements;
- Destroy falsified or incorrect records;
- Appoint qualified accounting personnel;
- Return unlawfully obtained gains.

From a practical perspective, such remedial measures can be more disruptive than the fine itself, particularly if imposed during ongoing audits or reporting cycles.

8. Practical Compliance Considerations

Given the current enforcement environment, companies subject to Vietnamese accounting requirements should consider:

- Periodic compliance reviews focusing on formal documentation, not only financial accuracy.
- Clear internal interfaces between local accounting functions and central finance or reporting teams.
- Standardised documentation protocols, including signatures, translations and retention rules.
- Inspection readiness, ensuring that records can be produced promptly and consistently.

Accounting compliance should be understood as an integral element of broader regulatory risk management rather than a purely technical exercise.

9. Common Accounting Violations and Fines

For completeness, and to illustrate the practical financial exposure associated with accounting non-compliance, the following overview summarises typical fine brackets under the applicable regulations.

A fine ranging from VND 3,000,000 to VND 5,000,000 shall be imposed in the following cases:

- The accounting book does not have sufficient primary content;
- The accounting book is adjusted against the regulated methods;
- Failure to print the required accounting books after closing the electronic accounting book.

A fine ranging from VND 10,000,000 to VND 20,000,000 shall be imposed for any of the following violations:

- Misapplication of regulations on letters and numbers in accounting;
- Misapplication of regulations on monetary units in accounting;
- Misapplication of regulations on accounting periods;
- Misapplication of applicable accounting regulations.

A fine ranging from VND 20,000,000 to VND 30,000,000 shall be imposed for any of the following violations:

- Forging or providing false information in accounting records but not serious enough for criminal prosecution;
- Forging or providing false information in accounting records by means of collusion or coercion but not serious enough for criminal prosecution;
- Inconsistency in the contents of copies of accounting records for the same transaction;
- Failure to make accounting records for every economic / financial transaction;
- Making multiple accounting records for an economic / financial transaction;
- Making expenditures without the required signatures on expense records as prescribed under the law on accounting.

10. Conclusion

Administrative accounting violations in Vietnam are increasingly identified through structured, data-driven enforcement processes. While the legal framework itself is not new, changes in administrative practice, digitalisation and inter-agency cooperation have materially increased detection risks.

For businesses, the main exposure typically lies not in intentional misconduct, but in formal deficiencies, inconsistencies and structural gaps between accounting systems and reporting processes.

A proactive and structured approach to accounting compliance – particularly at organisational and procedural interfaces – can significantly reduce administrative risk and contribute to regulatory stability.

11. How can we help?

We assist companies in identifying and mitigating accounting-related risks in Vietnam. Our support includes compliance reviews, alignment of local accounting and group reporting processes, preparation for administrative inspections, and advice on appropriate corrective measures where issues are identified.

Digitalising Workforce Governance: Electronic Labour Contracts from 2026



1. Introduction

The Labour Code 2019 recognises the legal validity of labour contracts concluded by electronic means in the form of data messages. In practice, however, companies have lacked a clear and unified framework governing authentication requirements, technical execution, data storage, and interaction with state authorities.

Decree 337/2025/ND-CP (“**D.337**”), promulgated by the Government on 24 December 2025, and effective from 1 January 2026, addresses this regulatory gap by establishing a comprehensive and centralised legal framework for Electronic Labour Contracts (“**Electronic Labour Contract**”) in Vietnam. In addition to setting out technical and legal requirements, the Decree introduces a National eContract Platform administered by the Ministry of Home Affairs.

For foreign investors and internationally active companies, this reform marks a significant step in Vietnam’s broader digitalisation of workforce governance.

2. Key Developments and Practical Implications

2.1 What Qualifies as an Electronic Labour Contract?

An Electronic Labour Contract is:

- A labour contract concluded in the form of a data message;
- Legally equivalent to a written contract;
- Required to comply with statutory requirements on digital signatures, data integrity and accessibility under the Law on Electronic Transactions 2023 and D.337.

The parties include the employee, the employer and the eContract service provider.

Each Electronic Labour Contract receives a unique identification code (“**ID**”) issued by the Electronic Labour Contract Platform (“**National eContract Platform**”), including those contracts converted from paper form.

The ID serves to:

- Manage the contract lifecycle;
- Attach amendments, suspension agreements and termination notices;
- Enable data retrieval for state administration purposes.

This system formally ends the widespread practice of executing labour contracts via scanned signatures, simple PDF exchanges by email, or internal HR systems that do not comply with statutory digital signature and authentication standards – if the electronic form is chosen.

At the same time, the integration into a centralised national platform significantly increases transparency, traceability and regulatory oversight.

2.2 Technical and Compliance Requirements for Companies

D.337 sets detailed requirements for the information system serving electronic transactions in the conclusion and performance of Electronic Labour Contracts (“**eContract System**”) used to conclude Electronic Labour Contracts.

Any eContract service provider must ensure that their eContract System:

- Uses compliant digital signature software and verification tools;
- Implements robust information security and cybersecurity measures;
- Guarantees data integrity and long-term accessibility;
- Enables legally compliant electronic identification and authentication;
- Authenticates the contract before transmitting it to the National eContract Platform for ID issuance;
- Allows lawful conversion between electronic and paper form;
- Provides electronic transaction accounts in line with Article 46 of the Law on Electronic Transactions 2023;
- Supports labour reporting in formats required by the Ministry of Home Affairs;
- Connects to the National eContract Platform via a standard API.

Overall, the above provisions place strong emphasis on data security, electronic identification and authentication, and the digitalisation of labour contract management, moving towards a centralised and transparent legal-technological infrastructure. However, further detailed guidance on technical standards, methods of confirming consent and system requirements for the Contract System would be desirable to facilitate consistent compliance and strengthen stakeholder confidence in Electronic Labour Contracts.

2.3 Identification Requirements for Employers and Employees

Individuals must hold valid identification documents, such as:

- Citizen Identity Card;
- Level 2 electronic identification account;
- Valid passport.

Foreign nationals must also hold valid entry visas or documents evidencing visa-exempt status.

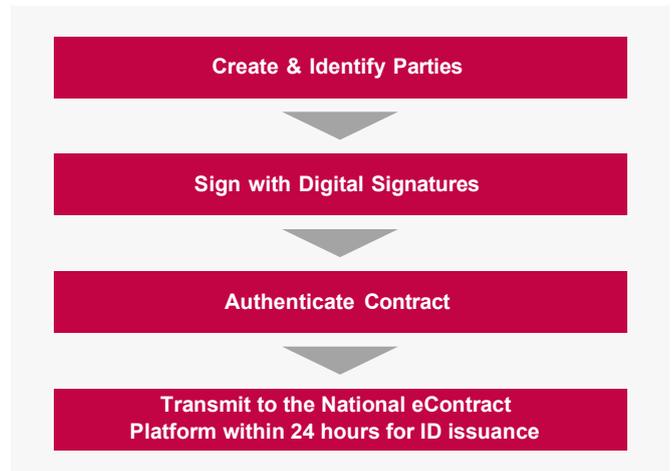
Institutional employers must:

- Possess valid establishment or business registration documents; and
- Ensure that their legal representative meets the same identification requirements as individuals.

This confirms that Electronic Labour Contracts are fully embedded in Vietnam’s national electronic framework.

2.4 Clearly Structured Execution Procedure

Under D.337, the conclusion of an eContract follows a defined sequence:



The Electronic Labour Contract generally becomes effective when the last party applies its digital signature, unless the parties agree otherwise.

This structured process increases legal certainty but also introduces procedural discipline and reliance on certified service providers.

2.5 Conversion Between Paper and Electronic Form

D.337 does not require employers to convert existing paper-based labour contracts. However, if parties choose to amend, suspend or terminate a paper-based contract electronically, they must first convert it into a compliant Electronic Labour Contract.

Conversion from paper to electronic form requires:

- Proper authentication of the parties;
- Digital signature of the employer’s authorised representative confirming accuracy and completeness;
- Assignment of an ID by the National eContract Platform.

Conversion from electronic to paper form must:

- Preserve full integrity of the original data message;
- Identify the originating information system;
- Clearly indicate that conversion has occurred and identify the converting entity;
- Bear signature and seal where required.

For employers with large workforces, this raises a strategic decision: continue operating parallel paper contracts, or gradually migrate to a fully digital contract structure.

2.6 Employer Rights and New Responsibilities

D.337 allows employers to use Electronic Labour Contracts data for labour declaration and reporting under Decree 145/2020/ND-CP and other administrative procedures permitted by law.

Practically, this may reduce duplicate reporting and repeated submission of the same employment data to multiple authorities.

However, employers must:

- Cooperate with service providers and authorities in verification and incident handling;
- Promptly report security risks or unauthorised access;
- Comply with state secrecy and personal data protection laws;
- Provide training and guidance to employees on using the eContract System.

In light of Vietnam's increasingly strict personal data protection regime, Electronic Labour Contracts should be viewed as part of broader technology governance and legal risk management – not merely as an administrative modernisation.

2.7 Timeline and Transitional Rules

D.337 took effect on 1 January 2026. The National eContract Platform must become operational no later than 1 July 2026.

Importantly:

- Employers are not obliged to use Electronic Labour Contracts;
- Existing contracts do not need to be re-signed or converted;
- Pre-2026 Electronic Labour Contracts remain valid.

3. Key Takeaway for International Businesses

D.337 represents a structural modernisation of employment administration in Vietnam. For investors and employers, this reform creates:

Opportunities:

- Streamlined labour reporting;
- Reduced paperwork;
- Centralised and traceable contract management;
- Alignment with Vietnam's digital governance strategy.

Challenges:

- Stricter authentication and technical requirements;
- Higher data protection exposure;
- Dependence on accredited service providers;
- Need for coordinated internal implementation.

Companies operating or investing in Vietnam should therefore treat Electronic Labour Contracts as a strategic compliance decision rather than a purely administrative upgrade.

They should:

- Review current contract practices;
- Assess system compatibility with D.337;
- Evaluate whether and when to migrate to Electronic Labour Contracts;
- Reassess internal cybersecurity and data protection standards;
- Develop clear internal workflows for digital contract lifecycle management.

Electronic labour contracts are not simply digital documents – they form part of Vietnam's broader transformation toward a centrally managed, technology-driven employment governance system.

4. How can we help?

We advise employers and investors on the legal implementation of Electronic Labour Contracts under D.337, including compliance risk analysis and the restructuring of employment documentation to ensure conformity with statutory requirements regarding electronic form, validity, authentication, and evidentiary value.

Our services focus on developing and reviewing internal policies, contractual templates, as well as advising on legal risk mitigation and liaising with competent authorities to ensure legally sound and enforceable implementation.

■ GENERAL INFORMATION

Contact us



Luther Vietnam Law LL.C.

Suite 25.02 Deutsches Haus 33 Le Duan Boulevard
Sai Gon Ward, Ho Chi Minh City, Vietnam

T +84 2873 0010 73

vietnam@luther-lawfirm.com

Visit us online

Website

German: <https://www.luther-lawfirm.com/kompetenzen/corporate-services/detail/vietnam>

English: <https://www.luther-lawfirm.com/en/competences/corporate-services/detail/vietnam>

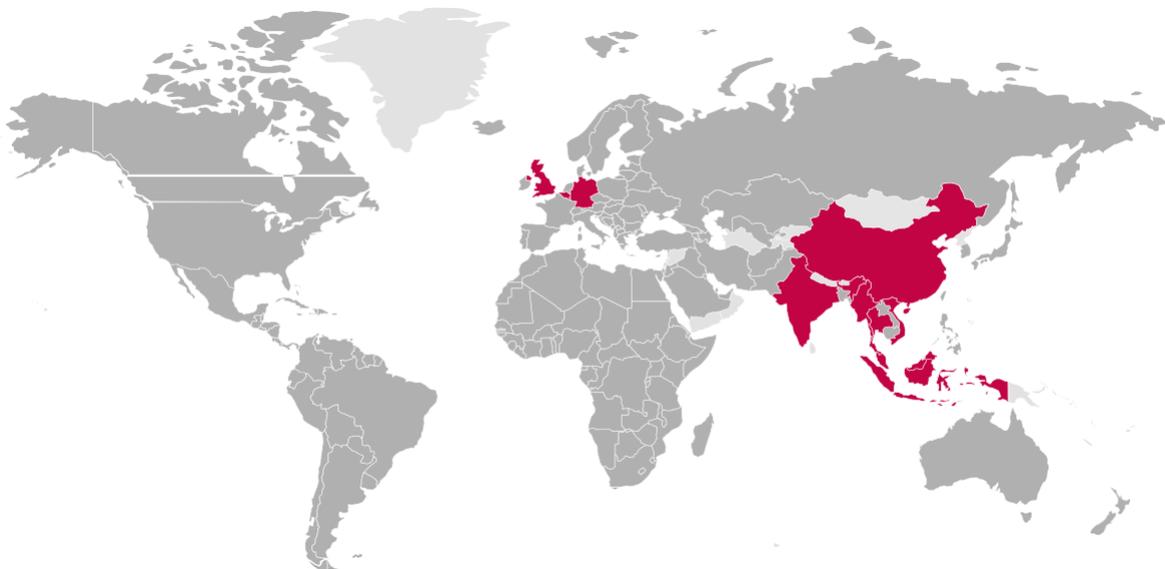
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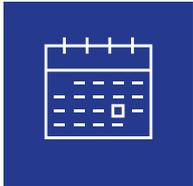
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Suite 25.02 Deutsches Haus 33 Le Duan Boulevard
Sai Gon Ward, Ho Chi Minh City, Vietnam
vietnam@luther-lawfirm.com

Responsible for the content: Luther Vietnam Law LL.C.;
Suite 25.02 Deutsches Haus 33 Le Duan Boulevard
Sai Gon Ward, Ho Chi Minh City, Vietnam
vietnam@luther-lawfirm.com

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