



Residential Sales
Savills Vietnam

Vietnam Real Estate Investment Guide

June 2015



Xin Chào!

Welcome to our Vietnam residential showcase.

Rapid legal reform in Vietnam is creating a better business environment and increasing opportunities for investment. The recently amended Housing Law is scheduled to come into operation in July 2015. This substantially increases the rights of foreigners owning residential properties.

Vietnam has the best economic conditions in a decade. It has a good demographic window, robust urbanization and increasing prosperity. Within the region Vietnamese residential property is modestly priced and provides both reasonable yields and the prospect of capital growth.

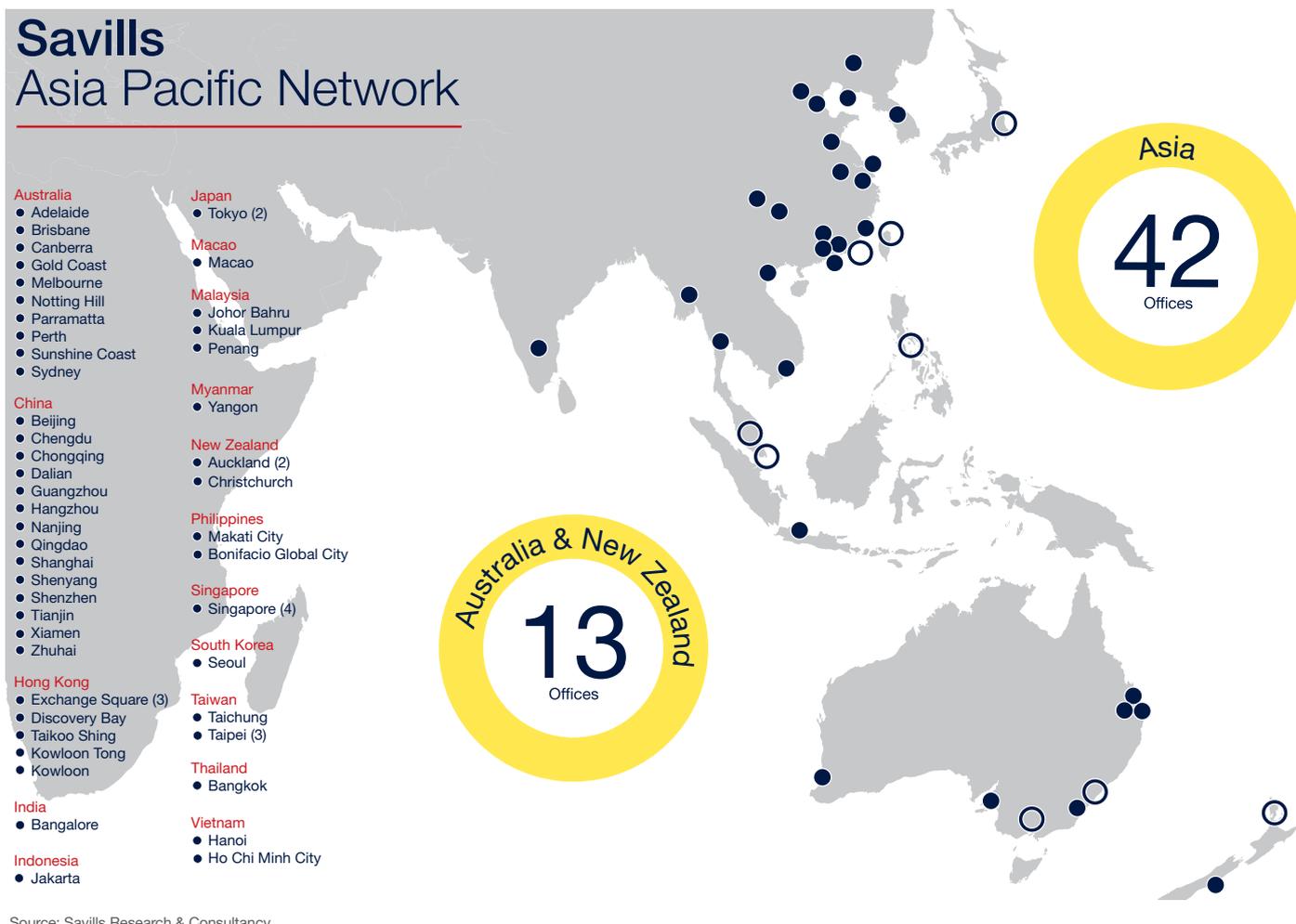
We've put together a sample of residential properties across Vietnam that I hope you will find interesting. Please don't hesitate to contact Savills for further information on these or any other investments in Vietnam.

Sincerely yours,



Neil MacGregor
Managing Director
Savills Vietnam

An introduction to Savills



Source: Savills Research & Consultancy

Savills is a leading global real estate service provider listed on the London Stock Exchange. The company, established in 1855, has a rich heritage with unrivalled growth. The company now has over 600 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

In Asia Pacific, Savills has 55 regional offices comprising some 25,000 staff. Asia Pacific markets include Australia, China, Hong Kong, Indonesia, Japan, Korea, Macau, Malaysia, New Zealand, Taiwan, Thailand, Singapore and

Vietnam, with associate office in the Philippines. Savills provides a comprehensive range of advisory and professional property services to developers, owners, tenants and investors alike. These include consultancy services, facilities management, space planning, corporate real estate services, property management, leasing, valuation and sales in all key segments of commercial, residential, industrial, retail, investment and hotel property.

A unique combination of sector knowledge and entrepreneurial flair gives clients access to real

estate expertise of the highest calibre. We are regarded as an innovativethinking organisation supported by excellent negotiating skills. Savills chooses to focus on a defi ned set of clients, offering a premium service to organisations and individuals with whom we share a common goal. Savills is synonymous with a high-quality service offering and a premium brand, taking a long-term view of real estate and investing in strategic relationships.

Spotlight

The Amended Housing Law

Housing Law Amendments

This highly anticipated and long discussed amendment has had support from all levels of the government and throughout the Vietnamese property industry. Once adopted in July 2015, it will allow foreigners to lease and own a maximum of 30% of an apartment building or up to a maximum of 250 villas or townhouses. This effectively provides a registered 50 year leasehold title and gives foreigners the same rights as Vietnamese as they can now sub lease, mortgage, trade and inherit.

These amendments follow wholesale legal reform influencing many sectors and come at a time when foreign investors are showing increasing interest of particularly Vietnamese development assets. Vietnam’s rapidly changing legal landscape is creating greater business certainty and a healthier and more competitive financial environment.

In 2008 a foreign ownership pilot program was passed, however this was largely unsuccessful. Up until Q2 2013 only 126 foreigners of which 108 were individuals, had purchased under this program. As at 2013 there were officially 74,000 foreigners resident in Vietnam.

The recent amendment follows the relaxation of property rights for Overseas Vietnamese (Viet Kieu) who now have access to full and unfettered ownership. Vietnam is one of the world’s top 10 recipients of overseas remittances. In 2013 overseas remittances were up 10% year on year to US\$11B, much of this can now effectively and confidently be held in real estate. A recent report (CIEM & Western Union, 2014) indicated that up to 17% of these remittances or nearly US\$2B, will be held in property.

CIEM notes that at around 8% of GDP this is a significant contribution to the economy.

Foreigners will have a more enforceable and ‘useable’ title now being able to; sub lease, mortgage, trade and inherit, thereby opening up a far deeper domestic purchaser pool. This will add greater liquidity to the residential market that is now showing signs of a modest recovery across the nation.

Why is the residential market so important? The residential housing market is effectively the ‘engine room’ of the economy. It provides a large store of the nation’s wealth and drives labor markets and consumption. Through monetary policy acting on interest rates the government can directly influence the economy. In turn foreign investment is important as it enables greater supply to be bought on to satisfy the increased foreign demand. It is highly competitive within the region so any policy that assists sourcing capital is helpful.

Regional Competition

Importantly the amendment helps the Vietnamese property market become more competitive within the region. The table below summarizes the key ownership rights within the region;

The amendment will also allow investors with ‘valid entry’ to have exposure to a very attractive asset class within an emerging market that has excellent structural characteristics and strong growth potential. Rental yields from selected cities are shown below, Vietnam is a relatively high return



TABLE 1

Global Rental Returns

Tokyo	4.6%
London	4.0%
Singapore	3.9%
Mumbai	3.3%
Hong Kong	2.7%
Shanghai	2.3%
Moscow	5.8%
New York	5.7%
Dubai	5.5%
Paris	5.0%
Sydney	4.8%
Vietnam	6.0%

TABLE 2

Regional Foreign Ownership

Country	Tenure	Type
Cambodia	50 years	Apartments and condominium
Hong Kong	50 years	Residential and commercial
Indonesia	25 years	Residential and commercial with Right to Use title
Japan	freehold	Residential and commercial
Malaysia	99 years	Residential, commercial and land
Philippines	50 years	Land, residential and commercial
Singapore	99 years	Non-restricted residential properties
Taiwan	20 years	Houses and land
Thailand	30 years	All types of land or buildings
Vietnam	50 years	Apartments, townhouses and villas

→ location. Factoring in potential capital growth then total returns are attractive.

‘Golden Visas’

The ‘valid entry’ opens the potential for ‘golden visas’ that allow forms of permanent residency in return for minimum level of investment in residential property. Within the ‘golden visa’ framework there are usually other regulations that assist supply, such as; only new product can be purchased, resale within a stipulated period is prevented and domestic purchasers must have equal opportunity.

Financing

The decree also allows foreigners to ‘pay for the property via a financial organization operating in Vietnam’. The Vietnamese retail banking sector is evolving and highly competitive, this should flow though to promoting easier access to property mortgages for foreigners.

However there are two hurdles to overcome before onshore debt can be contemplated; the first is foreign investment regulations for individuals from the State Bank of Vietnam, the second is that the debt could only be tied to the length of a visa, effectively two years.

The Numbers

Vietnam has an excellent demographic structure for the future of residential development. It has a household occupancy of

4.1 that is one of the highest in the region. Typically mature countries plateau at around 2.6. Vietnam has a large population of almost 90 million but also has a high urbanization rate at 3.03%.

The current planned supply up to 2017 for both HCMC and Hanoi is approximately 100,000 dwellings. Quick numbers show that in excess of this are needed annually for both cities. As the household occupancy decreases then formation will increase, this combined with the increasing urbanization is fertile ground for residential development. Even if these two variables are further refined it can be seen that there isn’t a large supply overhang and real demand should continue at healthy levels.

Foreign ownership in mature economies is 5% to 10% of all property transactions.

- In HCMC and Hanoi there are 35,000 transactions in the primary market annually. At 5.0% this potentially yields 1,750 foreigner purchasers per annum. By comparison MMSH has up to 3,000 pa.

- Average price of \$120,000 = \$210m sales pa. Chop / stamp duty / processing @ \$1,500 = \$2.6m pa.

- The impact of the foreign purchasers is insufficient to influence pricing, however can assist with absorption and liquidity thereby contributing to a healthier residential market.

Case Study - Malaysia My Second Home (MM2H)

Malaysia has a population of 30 million people, with 90,000 foreigners and around 250,000 property transactions annually.

The Malaysia My Second Home program (MM2H) is a residency scheme to allow foreigners to live in the country on a long-stay visa of up to 10 years. To qualify for the program, applicants must meet certain financial and medical criteria. Presently they must purchase a dwelling with a minimum value of US\$570,000 and maintain minimum monthly bank balances to demonstrate self sufficiency. Successful applicants are then entitled to enter and leave the country on a largely unrestricted basis.

There have been around 18,000 foreigners take up the scheme since its inception in 2002. In 2013 greater than 50% of the participants are from China and Japan, the combined take up of Europe and Americas was only 5%. The chart below shows take up by nationality since the program began.

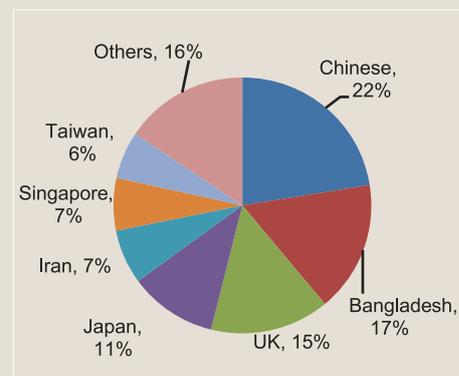


TABLE 3

International Golden Visa requirements

Country	Type	Minimum Investment amount	Length of visa / citizenship	Required time in country
Portugal	Visa	€500,000	One year, renewable	7 days in first year, 14 days in following 2 years
Spain	Visa	€500,000	One year, renewable	7 days in first year, 14 days in following 2 years
Greece	Visa	€250,000	Five years, renewable	Not stated
Cyprus	Visa/Citizenship	€300,000	3 year/ Citizenship	No visit required
Antigua and Barbuda	Citizenship	\$400,000	Citizenship	35 days in first 5 years
Bahamas	Citizenship	\$500,000	Citizenship	Not stated
Grenada	Citizenship	\$500,000	Citizenship	No visit required
St Kitts and Nevis	Citizenship	\$400,000	Citizenship	No visit required

Residential Showcase

Vinhomes Central Park

Binh Thanh district, HCMC



- Compound; 5 types, from 50sqm to 100sqm
- Facilities: international-standard hospital, bilingual school, shopping mall, riverside park, swimming pool, boat quay, cinema, mini golf, outdoor fitness centre, BBQ...
- Comprising the highest tower in Vietnam and the largest riverside park in HCMC
- Guide price: From VND 2,1 billion per unit (approx. USD100,000)
- About 15 minutes from Tan Son Nhat International Airport, and 3 minutes to CBD
- Contact us: sales@savills.com.vn

Holm

District 2, HCMC



- Villas; 3 types, from 394sqm to 588sqm
- Facilities: swimming pool, clubhouse with gym, BBQ area, landscaped garden & pathway, timber deck and seating area, footpath/jogging path, centralized back-up power and 24/7 security.
- Guide price: From VND 32,5 billion per unit (approx. USD1.5 million)
- About 30 minutes from Tan Son Nhat International Airport, and 15 minutes to CBD
- Contact us: sales@savills.com.vn

Gateway Thao Dien

District 2, HCMC



- Condominium; 4 types, from 49sqm to 143sqm
- Facilities: Fitness center with area of 1,000sqm, resort style swimming pool, children's playground, kindergarten, wine cellar, sauna, BBQ area, garden and international standard F&B
- Guide price: From VND 1.4 billion per unit (approx. USD87,000)
- About 30 minutes from Tan Son Nhat International Airport, and 15 minutes to CBD
- Contact us: sales@savills.com.vn

Riviera Cove

District 9, HCMC



- Villas; 3 types, from 463sqm to 760sqm in land area
- Facilities: 400m waterfront boardwalk, clubhouse, gym, tennis court, swimming pool, mini mart, full power back-up and 24-hour security
- Guide Price: From VND 14.5 billion per unit (approx. USD700,000)
- About 40 minutes from Tan Son Nhat International Airport, and 30 minutes to CBD
- Contact us: sales@savills.com.vn

Estella Heights

District 2, HCMC



- Condominium; 4 types, from 59sqm to 179sqm
- Facilities: Clubhouse complemented with a private entertainment lounge, gymnasium and cafe, sky gardens, jogging trail, two tennis courts, two swimming pools and lazy pool
- Guide price: From VND 2.4 billion per unit (approx. USD115,000)
- About 15 minutes from Tan Son Nhat International Airport, and 15 minutes to CBD
- Contact us: sales@savills.com.vn

Dai Phuoc Lotus

Nhon Trach, Dong Nai



- Villas; 4 types, ranging from 300sqm to 650sqm in land area
- Facilities: Golf course, restaurant, café, tennis course, coffee shop, convenience store
- Guide price: From VND 4 billion per unit (approx. USD184,000)
- About 2 hours from Tan Son Nhat International Airport; the only island villa just 30 min boat ride from CBD
- Contact us: sales@savills.com.vn

The Residences - Mia Nha Trang

Nha Trang, Khanh Hoa



- Beach villas; 2 types, land area 1,200sqm
- Guide price: From VND 33 billion per unit (approx. USD1.7 million)
- About 15 minutes from Nha Trang International Airport, daily flights connecting to major cities around Asia Pacific (Hong Kong, Singapore, Seoul, Tokyo etc.)
- Contact us: sales@savills.com.vn

The Point

Da Nang, Central Vietnam



- Consists of 40 villas lie adjacent to the 13th & 14th fairway of Greg Norman designed "Dunes Golf Course", from 261sqm to 342sqm (with land spot), from 286sqm to 289sqm (Gross Floor Area - GFA)
- Wide range of recreational facilities including sky garden, fitness corner, BBQ area, children's playground, swimming pool, gym and tennis court...
- About 20 minutes from Da Nang International Airport; daily flights to major cities around Asia Pacific (Hong Kong, Singapore, Seoul, Tokyo, Kuala Lumpur, Bangkok...)
- Guide price: From VND5.4 billion per unit - approx. USD 253,000 (Bare shell); from VND6.8 billion per unit - approx. USD 319,000 (Fully-finished)
- Contact us: hanoisales@savills.com.vn

Azura

Da Nang, Central Vietnam



- Condominium with 210 apartments, 13 duplexes and 2 penthouses, 1-3 bedroom(s), from 67.3sqm to 431sqm.
- Facilities: Swimming pool, fitness center, mini mart, children’s playground, deluxe cafe and mega mall.
- About 10 minutes from Da Nang International Airport; daily flights connecting to major cities around Asia Pacific (Hong Kong, Singapore, Seoul, Tokyo, Kuala Lumpur, Bangkok...)
- Guide price: From VND 1.7 billion per unit (approx. USD 87,000)
- Contact us: hanoisales@savills.com.vn

The Ocean Apartment

Da Nang, Central Vietnam



- Condominium with total of 128 apartments, 1-2 bedroom(s), from 63sqm to 123sqm
- Amenities: the Greg Norman designed golf course; the beach club include bar, restaurant, lounging poolside, tennis court, BBQ area, children’s playground, and recreational parklands
- About 20 minutes from Da Nang International Airport; daily flights connecting to major cities around Asia Pacific (Hong Kong, Singapore, Seoul, Tokyo, Kuala Lumpur, Bangkok...)
- Guide price: From VND 2.3 billion per unit (approx. USD 107,000)
- Contact us: hanoisales@savills.com.vn

Naman Retreat

Da Nang, Central Vietnam



- Luxury Villa; 4 types, ranging from 380sqm to 935sqm in land area
- Facilities: Swimming pools, green space, spa, restaurant, beach lounge and bar, conference house and other facilities of Naman Retreat Resort
- About 25 minutes from Da Nang International Airport; daily flights to major cities around Asia Pacific (Hong Kong, Singapore, Seoul, Tokyo, Kuala Lumpur, Bangkok...)
- Guide price: From VND 10.9 billion per unit (approx. USD 503,000)
- Contact us: hanoisales@savills.com.vn

Watermark

Cau Giay district, Hanoi



- Condominium with 128 apartments, 1-4 bedroom(s) from 54.5sqm to 204sqm; and 4 penthouses from 297sqm to 378sqm
- About 25 minutes from Noi Bai International Airport; daily multiple flights connecting to almost all destinations over the world. About 20 minutes from Hanoi CBD.
- Guide price: From VND 4.8 billion per unit (approx. USD 220,000)
- Contact us: hanoisales@savills.com.vn

Vietnam Investment Guidelines 1H 2015

Overview

Vietnam is one of Southeast Asia's premier emerging markets. Since the Asian financial crisis in 1997, Vietnam has maintained continuous growth with an average growth rate of 6.5% per annum. On 7 November 2006, Vietnam became the 150th member of the World Trade Organisation, which has proved to be a catalyst for economic growth and continued structural reform. Vietnam is the 13th most populated country in the world with a population of over 90 million people. Vietnam's cities have experienced a rapid growth in urbanisation with a robust FDI inflow. In recent years, economic growth slowed down due to the financial crisis. Low demand for housing, office units, retail spaces, hotel rooms and industrial properties has been reflected in the country's downward performance. The economy is now making a recovery in production, curbing inflation and stabilising the macro-economy. Year-on-year GDP growth in the first nine months of 2014 was 5.62%, slightly higher than the 5.14% growth of the same period in 2013.

Types of property ownership

Vietnam's Land Law was updated since 2013 and is effective as of 1 July 2014. The land owner basically manages the land on the behalf of the state. Vietnamese land cannot be privately owned.

Organisations and individuals can acquire land-use rights (LURs) via a land lease or a land allocation which may require a land-use fee (LUF). The land allocation is also known as a land grant. The differences between a land lease and a land allocation under the LUF are:

TABLE 4

Key statistics

Official name	The Socialist Republic of Viet Nam
Currency	Vietnamese dong, US\$1 = VND21,246 (3 December 2014)*
Population	89.71 million (2013)
Land area	330,972.4 sq km (2013)
GDP per capita	US\$1,960 (2013)
Real GDP growth	5.62% (first 9 months of 2014 compared with the same period last year)
Principal business areas	Ha Noi, Ho Chi Minh City

Source: General Statistic Office of Vietnam

* Based on the average inter-bank exchange rate published by The State Bank of Vietnam dated 3 December 2014.

1) For the land allocation, the land user pays a one-off fee while for the land lease, the land user has a choice to pay the land rental on an annual basis or a one-off sum for the entire term of the lease;

2) A land allocation term of agreement can be either for a definite or indefinite timeframe whereas a land lease is for a fixed term.

The land-use plan is approved annually by the local authorities, allowing land users to know which LURs are available on offer.

According to the revised law, foreign enterprises are now eligible to allocated land requiring land-use fees for developing residential projects for sale or for sale and lease. This will promote fairness between local and foreign investors in the property market. In addition, foreign investors may also acquire LURs through a land lease under which they can pay the land rental on an annual or lumpsum basis for developing residential projects for lease. The term of a land lease and a land allocation for foreign enterprises must not exceed 50 years, although for certain major projects under difficult circumstances there is the possibility to increase the term

no longer than 70 years. However, house buyers attached to the LURs can get free-hold titles. For sites used for diplomatic purposes the lease term can be up to 99 years and can be extended.

The new law also states that foreign entities that are eligible for land allocation and land lease with a one-off payment of lease, are entitled to transfer, sub-lease, give, mortgage and contribute the LURs during the term.

Overseas ownership restrictions

The latest Housing Law allowing foreigners to own properties were passed on 25 November 2014 and will be effective as of 1 July 2015. There are three groups of foreigners that are allowed to own properties including individual and foreign organisations that invest in developing residential projects in Vietnam, foreign-invested enterprises, representative offices or branches of foreign enterprises, foreign investment funds, branches of foreign banks operating in Viet Nam, and foreigners that are applicable with visa entry. The new law limits overseas ownerships to 30% of the total units within a commercial apartment complex and a maximum of 250 houses in a ward. Foreigners →

→ are allowed to own properties as stated in the commercial contracts but are limited to a 50-year tenure and renewal on the expiry date is optional. A foreigner who is married to a Vietnamese citizen or a Vietnamese expat is entitled to freehold tenure.

Properties owned by individual foreigners can be sub - leased, but this is not applicable for properties owned by a foreign organisation.

The decree also allows foreigners to 'pay for the property via a financial organisation operating in Vietnam'. The retail banking sector is highly competitive, and this should promote property mortgage access for foreigners.

Measurement of areas

All areas are quoted in sq m. There are a variety of area measurements that are often quoted in agreements:

- net area: usable area within a building measuring the internal face of the walls' perimeter on each level, excluding columns. level, normally excluding columns.
- gross area: all area containing the outside of the external walls.

To protect apartment buyers'

rights, The Ministry of Construction issued a new regulation relating to the unit area of apartments that took effect on 8 April 2014. The area of an apartment unit is the net area that is applied in S&P contracts and the titles issued to buyers. This area calculates the management fee chargeable to the apartment owners. The net area is the usable area including the separated walls within the apartment, balcony and loggia attached to the apartment but excluding the external walls, interior columns and the technical box.

Transaction costs

Agency fees

Leasing fees are equivalent to one month's rent and paid by the property owner, while purchase fees are usually 2% of the agreed price and paid by the seller.

Security deposit

This is commonly a non-interestbearing, returnable deposit of three months' gross rent which includes the service charge and rates.

Legal costs

Legal costs vary on a case-by-case basis. Most fees are negotiable.

Tax legislation

Land stamp duty

Land stamp duty is charged at 0.5% of the total value. The stamp duty is paid by the purchaser.

Property tax

From 1 January 2015, sellers of any transaction will be taxed 2% of the selling price upon transference.

VAT

The amended VAT Law was implemented on 1 January 2014. The new law defines exported goods and services that benefit from a 0% VAT rate as those consumed outside Viet Nam and in non-tariff areas such as duty-free zones where goods and services are supplied to overseas clients as stipulated by the government. The new law added a 5% VAT rate to be applied to leasing and purchasing of social housing. Also entitled to a tax rate of 5% are 15 groups of goods and services required for agriculture production; basic daily necessities and services for production and daily life; cultural activities, exhibitions and sports activities not for business; art performances and film production, import, publication and projection. A standard 10% rate applies for all remaining categories.

Tax depreciation

The straight-line method of depreciation is used for buildings.

Corporation tax

From 1 January 2014, the Corporate Income Tax (CIT) rate is 22%, except for cases eligible for preferential tax. From 1 January 2016, enterprises paying 22% CIT rates will be charged 20% CIT.

Enterprises that are established according to Vietnamese law and have a total annual turnover of goods and services below VND20 billion (equivalent to about US\$943,396) will be granted the CIT rate of 20%.

The income of the enterprises that engage in leasing and purchasing social housing will benefit from a CIT rate of 10%. →

TABLE 5

Lease terms

Lease period	Typically a 3-year fixed period. Longer leases are possible.
Rent reviews	Rent reviews are typically conducted based on the market rent applied at the time of review.
Sub-letting/assignment	Not an accepted market practice.
Termination	No early termination. In special cases, 4 to 6 months' written notice in advance is required.
Deposit	3 months.
Payments	Quarterly in advance (longer advance payments reduce the rental rate).
Rent-free period	During fit-out (normally 1 month, 45 days to be considered).
Repairs	The exterior and common areas of the building are the landlord's responsibility. Tenants would be expected to be responsible for internal repairs.
Security of tenure	The option for a further term should be agreed in the first term's contract.
Dilapidations	Tenants are normally expected to reinstate a property to its original condition at the expiry of the term.

Source: Savills Research & Consultancy

→ PIT

According to Resolution No. 26/2012/QH 13 of the Law on Personal Income Tax (LPIT), issued on 22 November 2012 and effective on 1 July 2013, the scale of progressive tax tariffs on each portion of income applies to business income and salaries, as shown in Table 6.

Table 6 applies to residential individuals with a taxable income from a business and/or from the salary after deductions for dependents, insurance premiums and contributions to charitable funds.

Family exemption is deducted from the amount of taxable income before levying income tax on business activities, salaries and wages of the taxpayers. Family exemption includes the following two parts:

- the deduction for taxpayers is US\$432 per month (US\$5,185 per year);
- the deduction for each dependent is US\$173 per month. If the volatility of the CPI is over 20% compared to the date the law is going into effect or there is a recent adjustment in family exemption, the government will request the National Assembly Standing Committee to adjust the

exemption based on the price volatility. This exemption will be carried forward to the next tax period.

With regard to assessing tax on other items of income, the tax rates are shown in Table 7.

Withholding tax and tax treaties

So far, Vietnam has signed tax treaties with more than 50 nations and territories, which include: Australia, Austria, Bangladesh, Belarus, Belgium, Brunei, Bulgaria, Canada, China, Cuba, Czech Republic, Denmark, Finland, France, Germany, Hong Kong, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Japan, Republic of Korea, Democratic People's Republic of Korea, Laos, Luxembourg, Malaysia, Mongolia, Morocco, Myanmar, Netherlands, New Zealand, Norway, Oman, Pakistan, Philippines, Poland, Qatar, Romania, Russia, Saudi Arabia, Serbia, Seychelles, Singapore, Slovakia, Spain, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, Tunisia, UAE, UK, Ukraine, Uzbekistan and Venezuela.

Legal issues

Foreign currency control

Decree 70/2014/ND-CP allows foreign investors to use their revenues in Vietnamese dong

to buy foreign currencies from authorised banks and transfer them abroad within 30 days from the exchange date if they have request to transfer their legal income in Vietnamese Dong from their direct investment in Vietnam.

Land price framework

According to the Revised Land Law 2013, the local People's Committee will no longer establish a yearly frame for land prices. Instead, the government will regulate the general frame for land prices on a five-year basis. The local People's Committee will consider the decisions on a yearly frame on a case-by-case basis. Authorities can refer to the land prices surveyed through different valuation institutions for decisions and compensation prices that are not based on governmental frames. This policy will support investors who take an active approach during their projects' selection stage and in hiring valuation consultants.

Land-use taxation

Under the Law on Land Use Taxation as of 17 June 2010 the following kinds of LURs are subjected to taxation: 1) urban and rural residential land; 2) land used for non-agricultural production, such as industrial parks, production facilities

TABLE 6

PIT

Tax bracket	Portion of annual assessable income (VND million)	Portion of monthly assessable income (VND million)	Tax rate (%)
1	Up to 60 (US\$2,881)	Up to 5 (US\$240)	5
2	Over 60–120 (US\$2,881–US\$5,761)	Over 5–10 (US\$240–US\$480)	10
3	Over 120–216 (US\$5,761–US\$10,371)	Over 10–18 (US\$480–US\$864)	15
4	Over 216–384 (US\$10,371–US\$18,437)	Over 18–32 (US\$864–US\$1,536)	20
5	Over 384–624 (US\$18,437–US\$29,960)	Over 32–52 (US\$1,536–US\$2,497)	25
6	Over 624–960 (US\$29,960–US\$46,092)	Over 52–80 (US\$2,497–US\$3,841)	30
7	Over 960 (US\$46,092)	Over 80 (US\$3,841)	35

Source: Savills Research & Consultancy

TABLE 7

Income tax rates on other items

Taxable income	Tax rate (%)
Income from capital investments (including interest from loan and dividend)	5
Income being royalties and income from franchises	5
Income being winnings or prizes valued more than VND10 million for each reward	10
Income from inheritances, gifts valued more than VND10 million for each receipt	10
Income from capital transfers pursuant to Clause 1 Article 13 of LPIT	20
Income from transfers of securities regulated in Clause 2 Article 14 of LPIT	0.1
Income from real property transfers regulated in Clause 2 Article 14 of LPIT	2

Source: Savills Research & Consultancy

- and mines; and 3) other non-agricultural land uses for business or religious purposes, including cemeteries.

The law specifies methods of tax calculation and provides progressive tax rates beginning at a minimum of 0.03% and rising to a maximum of 0.15%.

Ban on apartments used as offices

The use of apartments for office or trading space is banned as ruled in the official document 2544/BXD-QLN (issued on 19 November 2009 by the Ministry of Construction), which maintains that the use of apartments as an office or a trading space would cause disruption to other apartment residents and would decrease the safety for the residents living in the same apartment building.

Sale of land plots without raw buildings

Decree 11/2013/ND-CP allows investors to sell land plots without any raw buildings. The investors have to fulfil all necessary infrastructure requirements before handing over the title to buyers. This regulation will only apply to projects located in suburban districts.

Restriction on payment profile for development projects

The implementation of the Revised

Real Estate Law is effective on 1 January 2015. Residential developers can only accept payment upon the completion of the project foundation. The first payment is not to exceed 30% of the unit value and the sum of all the payments are not to exceed 70% before the unit is handed over. The threshold is limited to 50% for foreign developers.

Real estate trading floor

The revised Law on Real Estate Business was passed on 25 November 2014 and is effective as of 1 July 2015. The new law does not require individuals and enterprises to lease, sell and purchase their properties through a real estate trading floor. An enterprise that engages in real estate trading floor activities must have at least two employees that are certified real estate brokers.

Financing of residential housing projects

Decree 71/2010/ND-CP provides further clarification on this issue. The primary developer(s) can mobilise capital in the following ways:

- loan agreements with credit institutions, investment funds or by the issue of bonds;
- capital contribution contracts or BCCs with the secondary developer in order to transfer the LURs (already having technical

infrastructure) to the secondary developer;

- capital contribution contracts or BCCs with organisations and individuals who may share profit in the form of cash, stocks or completed residential units as agreed with the developer;

- BCCs with enterprises that have a real estate business function. Profit sharing may be in the form of cash, stocks or completed residential units as agreed with the developer;

- receiving advance payments through sales contracts from eligible organisations and individuals that can own and purchase residential housing in Viet Nam.

Major property legislation

There are a number of key items of legislation pertaining to real estate, all of which are detailed below:

- Revised Law on Real Estate Business 2014
- Revised Law on Residential Housing 2014
- Revised Land Law 2013
- Revised VAT Law 2013
- Decree 11/2013/ND-CP
- Decree 70/2014/ND-CP



Savills Vietnam Team

Savills Vietnam is the largest and most experienced real estate practice with offices in Hanoi and Ho Chi Minh City. The company provides comprehensive property services such as: Residential Sales, Commercial Leasing, Residential Leasing, Research & Consultancy, Valuation & Feasibility Study, Banking & Corporate Services, Investment Brokerage & Advisory, Retail Consultancy & Leasing, Property & Asset Management, Tenant Advisory & Representation, Industrial Consultancy & Leasing, Marketing & Creative services.

Savills Vietnam won the Asia Pacific Property Awards 2015 - 2016 for “**Best Real Estate Agency in Vietnam**”, and “**Best Property Consultancy in Vietnam**”.

2015 is also a milestone for Savills Vietnam when the company celebrates 20 years of operations and growth with in the Vietnam market. Savills employs over 1,000 experienced and professional staff nationwide.



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