



HOUSEHOLD BUSINESS

While Law on Enterprise has been amended to facilitate the business entrepreneurs in doing business, household business becomes an optimized option for those with small scale and seek for a straightforward & simplified compliance requirement.

Table below provides quick comparison in terms of the formation & compliance requirement between a Limited Liability Company - LLC and household business

ITEMS	LLC	HOUSEHOLD BUSINESS
Establishment		
Set-up/ License	Foreign investment: <ul style="list-style-type: none"> Investment Registration Certificate (IRC) Enterprise Registration Certificate (ERC) Local Vietnamese Citizen <ul style="list-style-type: none"> Enterprise Registration Certificate (ERC) 	Vietnamese Citizen only Certificate of Household Business
Tax Certificate/ Tax code	Enterprise Code is Tax code	Have to submit application to get separate tax code

Post-licensing	Require to undertake: <ul style="list-style-type: none"> • Making company's stamp • Opening bank accounts for daily transaction • Business License Fee (BLF) Exempted for the first operation year • Initial tax registration (accounting method, depreciation method etc.) • Register VAT e-invoice and purchase token (e-signature for tax declaration) 	<ul style="list-style-type: none"> • No stamp • Can open bank account for daily transaction • Business License Fee (BLF) Exempted for the first operation year • Have to register separate tax code
Ongoing Compliance		
Accounting	Strictly Compliance Have to prepare and maintain financial statement, accounts following Vietnam Accounting Standard (VAS)	No require on preparing and maintaining accounts, document, financial paper etc.
Tax Compliance	Strictly Compliance Taxation <ul style="list-style-type: none"> • Value Added Tax (VAT) Deductible method • Personal Income Tax (PIT) • Corporate Income Tax (CIT) • Other related tax Tax declaration and filings <ul style="list-style-type: none"> • VAT & PIT monthly or quarterly basis • CIT finalization at year-ending 	Taxation <ul style="list-style-type: none"> • Value Added Tax (VAT) • Personal Income Tax (PIT) Tax declaration On deemed basis, based on total revenue in year Revenue threshold for tax payment is above VND 100 million per year. $VAT = \text{total revenue} \times \text{deemed tax rate}$ $PIT = \text{total revenue} \times \text{deemed tax rate}$ Tax filings No tax finalization at year-ending

		Deemed tax is paid within 10 days from the operation day of household business
HR, Payroll & Social Insurance contribution	<p>Strictly Compliance</p> <p>No limitation on the amount of labor hired</p> <p>When engaging employment under labor contract, require to register Social Insurance (SHUI) and contribute SHUI on monthly basis</p>	Total labor is not exceeding 10 people
Invoice	<p>Strictly Compliance</p> <p>Register VAT e-invoice</p> <p>Issue VAT e-invoice to client</p> <p>Safely keep all VAT e-invoices as supporting document for accounting purpose</p>	Not permitted to use VAT invoice
Business License Fee (BLF)	<p>BLF is exempted for the first operation year</p> <p>BLF amount is based on charter capital</p> <p>BLF is due on annual basis, no later than 30 January each year</p>	<p>BLF is exempted for the first operation year</p> <p>BLF amount is based on total revenue of previous year</p> <p>BLF (if any) is due on annual basis, no later than 30 January each year</p>
Others	<p>Be a legal entity</p> <p>Foreign-invested enterprise (FDI) is required to undertake audit at year-ending</p> <p>Allow to open branch</p>	<p>No audit requirement</p> <p>Not permitted to open branch</p> <p>Household business is allowed to transfer to LLC enterprise</p>

