



## MANAGEMENT PERSONNEL

**Question 1: Can the general manager of our Chinese subsidiary concurrently act as General Director or legal representative of our new company in Vietnam?**

There is no legal prohibition either in China or Vietnam to hold a management position in another country. EU citizens can travel to Vietnam during the preparation phase and stay up to 45 days without a visa. However, practical difficulties will arise for long-term assignments. It will be difficult to hold a work permit in both countries, and to comply with tax obligations. Moreover, if the manager is designated to act as legal representative in Vietnam, he or she will be subject to a relatively strict residence requirement in Vietnam, making it impractical to serve as general manager in China at the same time.

## HOW TO DIVERSIFY FROM CHINA TO VIETNAM

### *A LOOK AT THE LEGAL KEY POINTS*

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**Due to increased geopolitical and supply chain risks, many European companies that have been operating in China for a long time presently consider to establish an additional foothold in Vietnam.**

**Question 2: Does prior management experience in China help to get along in Vietnam?**

Based on our experience, the answer is definitively yes. Reasons are the similarities in regulation of foreign companies, business culture and political environment.

**Question 3: Is there any nationality restriction for management positions or corporate positions in Vietnam?**

No. The General Director, Chairman of the Members' Council or any other manager can be either of Vietnamese or foreign nationality.

**Question. 4: Does Vietnam allow for a secondment (Entsendung) of an expat manager?**

Vietnamese labour law does not prohibit secondments. For internal transfers in certain sectors, an exemption from work permit can apply. Germany and Vietnam have not concluded a social insurance treaty. It will therefore be difficult for expats seconded to Vietnam to remain in the German social insurance system for longer terms.

In practice, most General Directors of foreign-invested enterprises in Vietnam have a local employment contract now, with added expat benefits on an individually agreed basis like school allowance for children, return flights to their home country, company car with driver etc.

**Question 5: What about double taxation?**

Germany and many other EU countries have signed double tax treaties with Vietnam. There is also a double tax treaty between China and Vietnam.

**Question 6: Can money earned in Vietnam from local salary income be sent home?**

Expatriates can transfer funds abroad from their Vietnamese bank account if the source are salaries earned in Vietnam from a formal employment and personal income tax has been paid.

**SNB Law is advising clients on both sides, in China since 1994 and in Vietnam since 2012. Therefore, we understand the crucial interface when it comes to the expansion from China to Vietnam.**

