

CAR OWNERSHIP IN VIETNAM

A Financial Reality Check

What Every Vietnamese Family Must Know Before Buying a Car

Written in the spirit of financial education — June 2026

Dear Reader,

Imagine you are standing in a gleaming showroom. The salesperson is smiling. The car looks beautiful. Your family is excited. You are about to sign the paperwork for a vehicle worth 500 to 800 million dong. You feel proud. You feel you have arrived.

Now stop. Before you pick up that pen, let me — your economics teacher — walk you through what this decision truly costs you. Not just the sticker price, but every hidden expense, every risk, and the cold mathematics of whether owning a car in Vietnam in 2026 actually makes financial sense for your life.

Two recent news stories should alarm any potential buyer: a wave of car sell-offs has erupted across Vietnam, with owners selling at massive losses just to escape the burden. Meanwhile, ride-hailing and taxi drivers who bought cars to earn income are now quitting in large numbers because the money simply does not work. These are not isolated cases. They are a warning.

This article is written plainly, for anyone — whether you drive a motorbike today or manage a household budget. My goal is simple: help you make one of the biggest financial decisions of your life with open eyes.

Part 1: The True Price of Buying a Car

1.1 The Sticker Price Is Just the Beginning

When a dealer says a car costs 500 million dong, that number is like the tip of an iceberg. Below the waterline lies a mountain of mandatory fees and taxes that most buyers discover only after it is too late to change their mind.

Let us walk through what you actually pay when purchasing a new gasoline or diesel passenger car in Vietnam:

Expense	One-time Cost (VND)	Annual Recurring (VND)
Vehicle base price (example: Toyota Vios)	500,000,000	—
Special Consumption Tax (SCT) ~ 40-50%*	200,000,000	—
Value-Added Tax (VAT) 10%	70,000,000	—
Registration Tax (12% in Hanoi/HCMC)	84,000,000	—
License plate stamping fee	2,000,000 – 20,000,000	—
Compulsory civil liability insurance	~600,000	~600,000
Periodic vehicle inspection fee	~300,000	~600,000
Road maintenance fee (annual)	~1,600,000	1,600,000
ESTIMATED TOTAL AT PURCHASE	~856 million+	—

* SCT rates vary by engine size (1.5L and under: ~35%; over 3.0L: up to 150%). Electric vehicles currently enjoy a 3% SCT rate and full registration fee exemption until February 2027 — but these incentives are temporary.

💡 Teacher's Lesson: The Registration Tax Trap

A Honda City priced at 499 million dong requires approximately 60 million dong in registration tax alone in Hanoi or Ho Chi Minh City. The government has already signaled plans to raise this rate further from 12% to 15% as part of its strategy to reduce fossil-fuel vehicles in cities by 2026. On a 2-3 billion dong luxury car, this increase alone could add 100 million dong to your cost. Policy risk is a real financial risk.

1.2 Financing a Car: The Debt Trap

Most Vietnamese families cannot pay for a car in cash. They borrow. And borrowing for a car is fundamentally different from borrowing for a house. Here is why.

A house is an asset that typically appreciates over time. A car is a liability that loses value every single day. The moment you drive a new car off the lot, it loses roughly 10-15% of its value. By year five, most Vietnamese cars have lost 40-60% of their purchase price. You are borrowing money to buy something that is guaranteed to become worth less.

Bank interest rates for car loans in Vietnam currently range from 7-12% per year for commercial banks, with some promotional EV-specific packages (like the Shinhan Bank VinFast deal) offering 4.8% fixed for the first three years before reverting to market rates. On a 5-year loan of 400 million dong at 9% interest, you will pay approximately 104 million dong in interest alone — money that simply disappears.

Real Numbers: The Cost of a Car Loan

Loan amount: 400,000,000 VND | Interest rate: 9% per year | Loan term: 5 years

Monthly payment: approximately 8,300,000 VND

Total interest paid: approximately 98,000,000 VND

Total repaid: approximately 498,000,000 VND

You borrowed to buy a car worth 500 million. After 5 years, the car is worth perhaps 200-250 million. You have paid back 498 million. Net financial loss from purchase alone: ~250 million dong before a single operating cost.

Part 2: The Monthly Cost Flood

Buying the car is only the beginning. What truly sinks car owners financially is the relentless flood of monthly expenses. Let us count every drop.

2.1 Fuel and Maintenance

A typical passenger car in Vietnamese city traffic consumes 8-12 liters per 100 km due to constant stop-and-go driving. If you drive 1,500 km per month — a reasonable figure

for commuting or light taxi work — you burn 120-180 liters of gasoline. At roughly 22,000 dong per liter, that is 2.6 to 4 million dong per month, every month, just in fuel.

Add oil changes every 5,000-7,000 km, tire replacements every 40,000-60,000 km (costing 3-6 million dong per tire), brake pads, air filters, coolant, and the occasional surprise repair. A realistic maintenance budget for a mid-range car is 1.5 to 2.5 million dong per month averaged over the year.

2.2 Insurance

Compulsory civil liability insurance is mandatory and relatively affordable. But comprehensive physical damage insurance (bảo hiểm vật chất), which covers your own car in accidents, costs 1-2% of the vehicle's market value per year. On a 500-million-dong car, that is 5 to 10 million dong per year, or 400,000 to 830,000 dong per month. Skip it, and one accident could ruin you financially.

2.3 Parking: The Silent Killer of the Family Budget

This is the expense that shocks most people from Ho Chi Minh City or Hanoi, because it is entirely invisible until you live it. Vietnam's cities were built for motorbikes. Most houses in older urban areas sit on narrow alleys (hem) where a car cannot physically enter. This creates a uniquely Vietnamese financial burden: you own a car but cannot park it at home.

Your options are unpleasant and expensive:

Monthly parking at a nearby apartment building or commercial lot: 1,200,000 – 1,500,000 VND/month in Hanoi; similar or higher in central HCMC districts

Remote parking lots further from your home: 500,000 – 1,200,000 VND/month, plus the daily inconvenience of fetching the vehicle by motorbike

Street parking fees: 10,000 – 30,000 VND per hour in urban areas; up to 40,000 VND/hour in Districts 1, 3, 5, 10, and 11 of HCMC

Daytime office parking: 200,000 – 300,000 VND per day in central business districts (8 hours of parking can cost nearly 300,000 VND in Hanoi)

🏠 The Small-Alley Problem: A Very Vietnamese Dilemma

Millions of Vietnamese families live in tube houses (nha ong (tube houses)) down alleys where 1-2 meters wide is the norm. Buying a car means you will never park it at home. You will walk or ride your motorbike to retrieve your car every time you need it. This is not a minor inconvenience — it is a daily tax on your time and a monthly tax on your wallet. Many families rent parking 500 meters to 2 kilometers away, adding 15-30 minutes to every trip before they even start driving.

2.4 Traffic Jams: Turning Your Car into a Very Expensive Chair

Ho Chi Minh City and Hanoi are among the most congested cities in Southeast Asia. A car that could travel 30 km in 30 minutes on a clear road often takes 90 minutes to cover the same distance during peak hours. This has three financial consequences that are rarely discussed:

Higher fuel consumption: Stop-and-go traffic burns 30-50% more fuel than highway driving. Your fuel budget must reflect city driving realities, not ideal conditions.

Accelerated wear and tear: Brakes, clutches (on manual cars), and engines wear faster in heavy traffic, increasing your maintenance costs significantly.

Lost productivity: Time is money. A professional spending 3 extra hours per day in traffic loses the equivalent of a part-time salary in productive hours every month.

A motorbike, by contrast, can weave through traffic, park almost anywhere for free or minimal cost, and complete the same urban journey in a fraction of the time. For most daily commutes in Vietnamese cities, a motorbike remains dramatically more economically efficient than a car.

2.5 Police Penalties: The New Financial Landmine (Decree 168/2024)

Starting January 1, 2025, Vietnam implemented Decree 168/2024/ND-CP, one of the strictest traffic fine frameworks in Southeast Asian history. Every driver must now understand these numbers as a budget risk:

Violation	Fine Range (VND)	License Points Lost
Running a red light (car)	18,000,000 – 20,000,000	—
Drunk driving (0.25-0.4mg/L breath)	18,000,000 – 20,000,000	—
Drunk driving (over 0.4mg/L)	30,000,000 – 40,000,000	—
Speeding >35 km/h over limit	12,000,000 – 14,000,000	—

Wrong direction / reversing on highway	30,000,000 – 40,000,000	—
Using phone while driving	4,000,000 – 6,000,000	—
Opening car door unsafely	22,000,000	—
Reckless driving / dangerous stunts	Up to 50,000,000	—

On New Year’s Day 2025 alone, over 13,000 traffic offenders were fined nearly 28 billion dong nationally. A single red-light fine of 20 million dong can wipe out an entire month’s salary. And under the new point system, every driver starts with 12 points per year. Accumulate enough violations and your license is revoked, rendering your car useless.

⚠ Traffic Cameras Are Watching

Since 2020, Vietnam has used traffic cameras to issue retrospective fines. You do not need to be stopped by police to receive a penalty. The violation is recorded, linked to your license plate, and a fine notice arrives at your address. For taxi and ride-hailing drivers using their car every day for hours in congested traffic, the probability of committing an inadvertent violation is not zero — it is a real budget risk that must be accounted for.

Part 3: The Special Case of Electric Vehicles (EVs)

With VinFast dominating the Vietnamese EV market and the government actively promoting electric cars through generous tax incentives, many families are now considering EVs as their first car. The incentives are real and significant. But so are the hidden costs.

3.1 The Government Incentive Window — and Its Closing

Until February 28, 2027, **battery electric vehicles (BEVs) in Vietnam enjoy 100% exemption from registration fees under Decree 51/2025/ND-CP**. This saves buyers anywhere from 19.7 million to 600 million dong, depending on the vehicle. EVs also benefit from reduced Special Consumption Tax (currently just 3%). These are meaningful savings.

However, after February 2027, registration fees revert to standard rates for EVs. Buyers purchasing just after the deadline will face significantly higher upfront costs. If you are considering an EV, the timing of your purchase genuinely matters financially.

3.2 The Battery Replacement Time Bomb

This is the cost that makes many EV financial calculations collapse. Electric vehicle batteries degrade over time and kilometres. After approximately 8-10 years or 150,000-200,000 km, a battery may need replacement to restore meaningful range.

VinFast has recently reduced replacement battery prices, but the numbers are still substantial:

Item	Cost (VND)	USD Equivalent
VF 3 (mini SUV, 18.64 kWh) replacement battery	67,800,000 (down from 75M)	~\$2,900 USD
VF 9 Eco (full-size SUV, ~87 kWh) replacement battery	~200,000,000+	~\$8,000+ USD
Typical mid-range EV battery (60-70 kWh)	~120,000,000 – 180,000,000	~\$5,000-\$7,500 USD
Battery subscription (VF 3, under 1,500 km/month)	900,000/month	10,800,000/year
Battery subscription (VF 3, 1,500-2,500 km/month)	1,200,000/month	14,400,000/year
Battery subscription (VF 3, over 2,500 km/month)	2,000,000/month	24,000,000/year

VinFast does offer an alternative: buy the car without the battery and subscribe to a battery plan instead. This reduces the upfront price but adds a permanent monthly cost. For the VF 3, the car-only price starts at ~240 million dong, with battery subscriptions ranging from 900,000 to 2,000,000 VND per month depending on your driving distance.

▣ The Battery Subscription Math for Taxi Drivers

A Grab or Be driver using a VF 3 for ride-hailing will likely drive 3,000+ km per month, triggering the 2,000,000 VND/month battery subscription tier. Over 8 years, this costs 192,000,000 VND in battery fees alone — nearly the price of the car itself. High-mileage commercial drivers should calculate their total battery cost over the vehicle's useful life before choosing the subscription model.

3.3 Charging Infrastructure: Progress, But Not Everywhere

VinFast is building aggressively — targeting 150,000 battery-swapping stations for scooters and a growing network of car chargers. Free charging at V-Green stations is available until May 2027 for current EV owners. However, for car owners living in narrow alleys without access to home charging or nearby public chargers, the convenience

calculation is different from those in modern apartments.

Part 4: The Car as a Business — Does the ROI Work?

Many Vietnamese families justify buying a car by planning to use it for ride-hailing (Grab, Be, Xanh SM) or private hire. The logic feels sound: “The car will pay for itself.” But does the mathematics actually work? Let us be honest about the numbers.

4.1 The Income Side of the Equation

Official average taxi driver salary in Vietnam: approximately 68.5 million dong per year (about 5.7 million/month). *Grab car drivers in Hanoi average around 109 million dong per year (roughly 9.1 million/month) according to salary data, though this figure includes bonuses and may not reflect take-home reality.*

Real-world testimony is much harsher. A university-educated driver writing for VnExpress reported his monthly income dropped to 7-8 million dong — below minimum wage in Ho Chi Minh City — after accounting for fuel and depreciation. Grab originally promised 26-33 million dong per month to full-time drivers. The reality for most is far lower, especially as the market has filled with drivers competing for the same pool of riders.

The ride-hailing market is also structurally challenging: Grab takes a significant commission percentage from every ride. If a ride costs 13,000 dong, the driver receives roughly 7,000 dong after Grab’s cut and fuel — less than half. And driver accounts can be suspended unilaterally, cutting off income overnight with no recourse.

4.2 The Full Cost Accounting for a Taxi/Ride-Hailing Car

Let us build a complete monthly cost picture for a hypothetical Grab car driver who purchased a 500-million-dong car with a 5-year loan:

Cost Item	Monthly (VND)	Annual (VND)
Monthly loan repayment (5yr, 9%)	8,300,000	99,600,000
Fuel (2,500 km/month, city driving)	4,000,000 – 5,500,000	48,000,000 – 66,000,000

Maintenance & repairs (averaged)	2,000,000	24,000,000
Parking (monthly lot near home)	1,200,000 – 1,500,000	14,400,000 – 18,000,000
Insurance (comprehensive)	700,000	8,400,000
Road maintenance fee (annual)	133,000	1,600,000
Grab/Be platform commission (~28%)	Deducted from revenue	—
Vehicle depreciation (10-15%/yr)	~5,000,000 – 6,000,000	60,000,000 – 72,000,000
TOTAL MONTHLY COSTS	~21,300,000 – 27,000,000	255,600,000 – 324,000,000

To break even, the driver must earn at least 21-27 million dong per month in gross ride-hailing revenue, before platform commissions. That means total trip revenue (before Grab’s cut) needs to be approximately 30-38 million dong per month just to cover costs, not to make a profit.

III The Sobering Truth About ROI

If your car earns 9 million dong/month gross income but costs 22 million dong/month to own and operate, your Return on Investment (ROI) is deeply negative. You are not earning money with your car. You are losing money at scale. The wave of car sell-offs reported in mid-2026, with owners taking massive losses, is the predictable result of thousands of families discovering this mathematics too late.

4.3 The Depreciation Trap: Cars Are Not Investments

In economics, we call a car a depreciating asset. Unlike land, gold, or even a savings account, a car becomes worth less every year. A new car in Vietnam typically loses:

Year 1: 15-20% of value (the ‘new car premium’ evaporates immediately)

Years 2-3: 10-12% per year

Years 4-5: 8-10% per year

After 10 years: 50-70% of original value gone

On a car purchased for 700 million dong, you may be able to sell it for 350-400 million after 8 years of ownership. But over those 8 years, you will have paid millions in loan interest, insurance, maintenance, parking, fuel, and fees. The true cost of owning that car could easily exceed 1.5 to 2 billion dong over a decade.

Contrast this with investing that same capital. 700 million dong invested in Vietnam government bonds or index funds earning a conservative 6-8% annually would grow to over 1.1 billion dong after 8 years, not shrink. This is the fundamental opportunity cost of

car ownership that most buyers never calculate.

Part 5: A Framework for Making the Decision

After all this, am I saying you should never buy a car? No. I am saying you should make this decision with full financial clarity. Here is how to think about it:

5.1 Questions to Answer Before Signing Anything

Can you pay at least 40-50% of the car's price in cash? Borrowing 80% of a depreciating asset at 9% interest is a financially dangerous position.

Do you have secure parking within 5 minutes of your home? If not, factor in the real monthly parking cost and time burden.

Is your monthly income at least 5-6x the monthly car costs? A car eating more than 20% of your household income is a serious financial stress.

Do you have an emergency fund of at least 50-80 million dong? Car repairs, accidents, and fines happen. You need a buffer.

If buying for income (taxi/ride-hailing), have you built a realistic cost model with all expenses included?

If buying an EV, have you calculated the battery replacement or subscription cost into your 10-year financial plan?

5.2 The Opportunity Cost Test

Before buying, ask yourself: what else could I do with this money? In Vietnam in 2026, 700 million dong is enough to:

Make a significant down payment on a property in a secondary city or peripheral urban district

Build an emergency fund, pay for a child's university education, and still have capital remaining

Start a small business with meaningful working capital

Invest in income-generating assets that appreciate rather than depreciate

None of these alternatives means you cannot be comfortable and mobile. A motorbike

for daily commuting, plus occasional GrabCar or taxi use for family outings and rainy days, may deliver more total life satisfaction at a fraction of the financial cost. This is not about denying yourself — it is about allocating your hard-earned money where it works hardest for you.

5.3 When Car Ownership Does Make Sense

To be fair, there are genuine circumstances where owning a car creates real value:

- Families with regular long-distance travel needs (between cities, to rural hometowns) where the cost per trip significantly exceeds ride-hailing alternatives

- Business owners who need to transport goods, equipment, or clients regularly and have documented, tax-deductible business expenses

- Families living in suburban or rural areas where public transport and ride-hailing are genuinely limited

- Families with secure parking at both home and work, eliminating the most painful recurring cost

- Those who can purchase in cash or with a very small loan, minimizing interest burden

Conclusion: Buy the Knowledge Before You Buy the Car

The Vietnamese aspiration to own a car is entirely understandable. It represents success, freedom, and the ability to provide for your family. But in 2026, with the highest traffic fines in the country's history, rising parking costs, AI-powered traffic cameras watching every intersection, a ride-hailing market flooded with desperate drivers, and EVs with battery replacement costs that can equal the vehicle's purchase price — the financial case for car ownership requires serious scrutiny.

The news of mass car sell-offs at huge losses, and of taxi drivers abandoning their vehicles and the profession, is not a coincidence. It is the mathematical result of thousands of decisions made with incomplete information.

The greatest investment you can make before buying a car is not in the car itself. It is in the financial knowledge to understand whether that car will serve you — or whether,

quietly, month by month, you will end up serving it.

Calculate everything. Question every assumption. And remember: **a car is a tool, not a trophy**. The families that thrive are those who make their money work for them — not those who impress their neighbors while drowning in installment payments.

Written with care for your financial future — June 2026

Data sourced from Vietnam Ministry of Finance, VAMA, VnExpress, VietnamNet, and official government decrees