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VIETNAM

Legal and Tax Digest

January 2025

Investment

*Decree No. 182/2024/ND-CP issued by the Government of Vietnam on December 31, 2024
“Regulations on the Establishment, Management, and Utilization of Investment Support Funds”*

This decree, effective from December 31, 2024, prioritizes projects that utilize advanced technology, new technology, high technology, clean technology, modern management practices, create high added value, are environmentally friendly, and have widespread impacts, including integration into global production and supply chains.

The investment support policies include:

- **Cost support** (for training, human resource development, research and development (“R&D”), fixed asset investments, production of high-tech products, and investment in social infrastructure projects) for the following:
 - **High-tech entities** or those with investment projects producing products or applying high technology with a minimum capital of **VND12 trillion** or generating annual revenue of **VND20 trillion**.
 - Entities investing in **chip manufacturing, integrated circuits, and artificial intelligence data centers** with projects having a minimum capital of **VND6 trillion** or annual revenue of **VND10 trillion**.
 - Entities working on **breakthrough technologies** or products listed in the prioritized **High Technology and High-Tech Product Categories** (included in the list of high-tech products encouraged for development as decided by the Prime Minister) for R&D.
 - Entities with **microchip design projects** employing at least **300 Vietnamese engineers or managers** within five years of operation in Vietnam and annually supporting the training of at least **30 high-quality engineers** in the field of microchip design.
 - **R&D center projects** with a minimum investment scale of **VND3 trillion**.
- **Levels of support for specific costs:**
 - Up to **50%** of training and human resource development costs for Vietnamese workers.
 - Up to **30%** of R&D costs for expenses exceeding **VND240 billion** in the financial year.
 - Up to **10%** of fixed asset investment costs for the original value of fixed assets exceeding **VND240 billion** in the financial year. However, the annual support amount must not exceed **0.5%** of the total investment capital stated in the investment policy approval decision or investment registration certificate.
 - **0.5% to 3%** of the added value of high-tech products in the financial year.
 - Up to **25%** of investment costs for **social infrastructure projects** (e.g. worker housing, schools, kindergartens, healthcare facilities, cultural and sports facilities).

- **Initial investment cost support** for entities with R&D projects in the **semiconductor and artificial intelligence industries**, with support up to **50% of initial investment costs** for projects that positively impact the innovation ecosystem and contribute to the development of breakthrough technologies and products for the nation.

Note: The above support levels apply to entities with no overdue tax or public financial obligations at the time of application submission.

Law No. 57/2024/QH15 issued by the National Assembly on November 29, 2024 to “Amend and Supplement Several Provisions of the Law on Planning, the Law on Investment, the Law on Public-Private Partnership Investment, and the Law on Bidding”

Key updates to the Law on Investment are as follows:

- **Introduction of special investment procedures:** These are for specific investment projects located in industrial parks, export processing zones, high-tech parks, centralized information technology zones, free trade zones, and functional zones within economic zones. Projects implementing these procedures will **not be required to complete the following:**
 - Investment policy approval procedures
 - Technology appraisal
 - Environmental impact assessment reports
 - Detailed planning formulation
 - Construction permits
 - Approvals and permissions in construction, fire prevention, and firefighting

This marks a significant breakthrough and reform aimed at drastically reducing project implementation timelines.

The projects eligible for these procedures are as follows:

- Projects to construct innovation centers and R&D centers
 - Investments in the semiconductor integrated circuit industry, technology design, manufacturing of components, integrated electronic circuits, flexible electronics, chips, and semiconductor materials
 - Investments in high-tech fields prioritized for development or production of products included in the list of high-tech products encouraged for development as decided by the Prime Minister
- **Additional grounds for termination of investment projects:** Aside from the current grounds for termination of a project by the investment registration agencies, the following reason has been added: **If, after 24 months from the deadline for achieving the objectives of the investment project** or its stages (if applicable), as stated in the investment policy approval document, investment registration certificate, or their amended

approvals, the investor has not fulfilled the objectives and is not eligible for an extension of the timeline under the regulations. This reform aims to streamline administrative processes, attract high-tech investments, and enforce project accountability.

Banking and Finance

Circular No. 61/2024/TT-NHNN issued by the State Bank of Vietnam on December 31, 2024 providing “Regulations on Bank Guarantees”

The rules under the circular, which takes effect on April 1, 2025, will significantly affect credit institutions, foreign bank branches in Vietnam (“**domestic banks**”), and real estate businesses investing in future housing projects.

Key updates:

- **Removal of conditions for housing guarantees:** The condition for commercial banks to be authorized to provide housing guarantees for future housing projects has been removed. The requirement for the State Bank to publicly disclose the list of commercial banks providing these guarantees has also been abolished.
- **Foreign bank branches authorized to provide housing guarantees:** Foreign bank branches are now allowed to provide guarantees for future housing projects, aligning with the provisions of Article 26, Clause 1 of the 2023 Law on Real Estate Businesses.
- **Introduction of the concept of a commitment letter to issue a housing guarantee for future housing projects:** Specific regulations have been outlined regarding the content and duration of this letter, providing a legal framework and specific guidelines for domestic banks to follow.
 - The circular requires the guarantor to issue a commitment letter for the project developer, who then provides a copy to the buyer when signing a housing purchase or lease-purchase contract.
- **Changes in customer documentation requirements:** The circular adds provisions for the documentation required when requesting a guarantee for customers with a total credit balance at a domestic bank (including the amount requested for the guarantee) that is **greater than or equal to 0.1% of the bank’s equity capital**.

These changes aim to streamline the process and ensure that all parties involved in providing guarantees, especially for real estate projects, adhere to a more transparent and standardized framework, minimizing potential risks for financial institutions.

Natural Resources and the Environment

Decision No. 232/QĐ-TTg issued by the Prime Minister on January 24, 2025 on “Approval of the Proposal for the Establishment and Development of a Carbon Market in Vietnam”

The Prime Minister approved the development plan for a carbon market in Vietnam to reduce greenhouse gas emissions, promote a green transition, enhance business competitiveness, and work towards the goal of net-zero emissions by 2050. This decision aims to establish a robust framework to reduce carbon emissions and foster a green economy in Vietnam, contributing to global climate goals.

▪ **Objectives for 2025:**

- To establish the **legal framework** for trading greenhouse gas emission quotas and carbon credits.
- To set up the **infrastructure** and domestic carbon exchange operated by the Hanoi Stock Exchange.

▪ **Tradable commodities:**

- **Greenhouse gas emission quotas** – allocated either for free or through auctions.
- **Carbon credits** – generated from domestic or international programs, such as the Clean Development Mechanism, the Joint Crediting Mechanism, or mechanisms under Article 6 of the Paris Agreement.

▪ **Participants in the carbon exchange:**

- **Entities emitting large amounts of greenhouse gases** from sectors and facilities listed by the Prime Minister as required to conduct greenhouse gas inventories. These entities will be allocated greenhouse gas emission quotas.
- **Qualified organizations and individuals** who are eligible to buy and sell carbon credits on the carbon exchange.

▪ **Trading method:**

- **Centralized trading** on the carbon exchange with unique codes for emissions quotas and carbon credits.
- **Automatic payment** via commercial banks.

▪ **Implementation timeline:**

- **Pilot phase (2025–2028):** During this period a nationwide pilot of the carbon market will be implemented and the transfer of international carbon credits studied.
- **Official phase (from 2029):** This is when the nationwide carbon market is slated to officially begin operations; the scope of the sectors and entities allocated emissions quotas will be expanded, new types of tradable credits will be added, and the participants in carbon credit trading will be broadened.