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Legal and Tax Digest

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Corporate

*Decree No. 97/2025/ND-CP issued by the Government on May 5, 2025 on “**Mechanisms and Preferential Policies for National Innovation Centers**”*

This decree, which lays out the preferential policies for national innovation centers, entered into effect on the signing date. Key highlights are provided below.

Eligible Beneficiaries

According to Article 2, the following entities are eligible for incentives:

- **National innovation centers** and facilities operating in Hanoi, Hoa Lac High-Tech Park, and other locations designated by the competent authorities.
- **Organizations and individuals, both domestic and foreign**, operating in a center, including:
 - **Innovative entrepreneurs:** Individuals researching, developing ideas, and conducting business with new products, services, or business models.
 - **Innovative startups:** Businesses leveraging intellectual property, technology, or new business models with high growth potential.
 - **Innovative entities:** Companies offering new or improved products, services, or business processes already introduced to the market or in use.
- **Other organizations and individuals** related to the center’s activities.

Key Incentives

The decree outlines a number of preferential policies to promote innovation and entrepreneurship, including:

- **Labor incentives:**
 - Exemption from work permit requirements for foreigners working at the center in managerial, executive, expert, or technical positions (where Vietnamese labor does not meet the requirements).
- **Investment credit incentives:**
 - Access to state investment credit loans if conditions are met for innovative startups and centers themselves.
 - Access to funding, support, loans, and loan guarantees from off-budget state financial funds and financial institutions.
- **Land incentives at Hoa Lac High-Tech Park:**
 - Exemption from infrastructure usage fees for leased land requiring such fees.
 - Exemption from costs related to compensation, site clearance, support, and resettlement.

- Full funding from the state budget for land leveling costs for center infrastructure projects.
- **Capital support, aid, and sponsorship incentives:**
 - Centers are eligible to use ODA funds, preferential loans, non-refundable aid, and sponsorship from domestic and foreign sources for facility investment, regular expenses, and innovation support.
 - Such aid and sponsorship are managed as legal revenue with self-governing mechanisms; they are not considered state budget revenue and are not subject to national ownership.
- **Entity support services:**

Centers provide services such as:

 - Provision of workspace, infrastructure, and necessary resources.
 - Organization of trainings, conferences, and exhibitions on innovation and entrepreneurship.
 - Business consulting, investment promotion, and trade connection services.
 - Assistance with administrative procedures, visas, work permits, residence permits, investment promotion, and ecosystem connection.
 - Provision of research, production, technology demonstration spaces, and access to the center's utilities.
- **Expedited entity and industrial property registration:**
 - Business registration completed within one working day.
 - Priority for industrial property rights registration provided upon request.
- **Other benefits:**
 - Ability to mobilize sponsorship from domestic and international research and innovation programs.
 - Centers are authorized to establish a National Innovation Fund to support and invest in innovative startups based on market principles.

*Resolution No. 68-NQ/TW issued by the Central Executive Committee and the Politburo on May 4, 2025 on the “**Development of the Private Economic Sector**”*

Objectives

By 2030:

- The private sector is the leading force in science, technology, innovation, and digital transformation.

- It accounts for 2 million businesses, 20 enterprises per 1,000 people, and there are at least 20 large enterprises participating in global value chains.
- Private sector growth reaches 10-12% annually, contributing 55-58% of GDP, 35-40% of state budget revenue, and creating 84-85% of jobs, with labor productivity growing 8.5-9.5% annually.
- Vietnam ranks in the top 3 in ASEAN and top 5 in Asia for technology and innovation.

By 2045:

- The private sector accounts for 3 million businesses, contributing over 60% of GDP, competing robustly in regional and international markets, and actively participating in global supply chains.

Key Tasks and Solutions**Renew thinking and encourage aspirations:**

- Build consensus on the private sector's role, strengthen trust, and foster entrepreneurship.
- Adopt a facilitating and serving state model, refraining from market-principle violations.
- Enhance communication and spread innovative business models while strictly prohibiting harassment and misinformation.

Improve legal and institutional frameworks:

- Ensure business freedom, property rights, and fair competition.
- Reduce administrative procedure costs by 30% by 2025.
- Shift from pre-approval to post-approval mechanisms, digitalize procedures, and eliminate "ask-give" practices.
- Improve laws on bankruptcy, intellectual property, data governance, and digital business models; pilot sandboxing for new technologies.

Enhance resource access:

- **Land:** Digitalize land data and reduce land rental costs by 30% for small businesses and startups in their first five years.
- **Capital:** Prioritize credit for small businesses, startups, and green transitions, and develop credit guarantee and green finance funds.
- **Human resources:** Train 10,000 CEOs, establish international training partnerships, and provide tax incentives for training expenses.

Promote technology, digital, and green transformation:

- Implement Resolution No. 57-NQ/TW; offer 200% tax incentives for research and development ("R&D") and allocate 20% of income to innovation funds.
- Support innovative startups and high-tech enterprises.
- Offer low-cost access to state laboratories.

Enhance business connectivity:

- Build value and supply chains among private, state, and FDI enterprises.
- Help small businesses integrate into global supply chains.

Develop large enterprises:

- Support private businesses in national projects (railways, energy, healthcare, education) and the “Go Global” program to expand internationally.

Support small businesses and household enterprises:

- Digitalize and simplify accounting and taxation; abolish flat-tax methods for household enterprises by 2026 at the latest and provide free accounting software and legal consultation.

Uphold business ethics:

- Foster socially responsible entrepreneurs who respect the law.
- Honor exemplary entrepreneurs and encourage their participation in national governance.

Resolution No. 198/2025/QH15 issued by the National Assembly on May 17, 2025, on “Specific Mechanisms and Policies for Private Economic Development”

Scope, Beneficiaries, and Objectives

- **Scope:** Defines specific mechanisms and policies to support private economic development, including businesses, household enterprises, and individual entrepreneurs.
- **Beneficiaries:** Businesses (particularly innovative startups), household enterprises, individual entrepreneurs, and relevant organizations and individuals.
- **Objectives:** Create a transparent and open business environment, reduce barriers, promote fair competition, and provide financial, land, technology, and human resource support to make the private economy a key driver of the economy.

Improvement of the Business Environment

- **Minimize inspections and audits:** Limit inspections/audits to once per year unless there are clear signs of violations. Audit conclusions must be publicized, and harassment will be strictly dealt with.
- **Support digital transformation:** Leverage digital technologies for remote inspections and audits, reducing on-site checks. Entities in good compliance with laws are exempt from physical inspections.
- **Shift from pre-approval to post-approval:** Replace licensing and certification with declarations of business conditions and post-approval checks, except for areas mandated by international practices.

- **Ensure equal access to resources:** Ensure non-discrimination among economic sectors in accessing capital, land, resources, technology, and human resources. Address unfair competition and abuse of monopolistic positions.
- **Promote transparency and stability:** Eliminate market barriers and improve the legal framework to ensure a clear, stable, and low-compliance-cost business environment.

Violation Handling and Bankruptcy

- **Improve violation handling:** Clearly define the responsibilities of legal entities and individuals; prioritize civil and economic measures over criminal ones. Avoid retroactive application of adverse regulations and ensure the presumption of innocence. Asset seizure and freezing must be authorized and business disruption should be minimized.
- **Streamline enterprise bankruptcy:** Expand simplified bankruptcy procedures, reduce time by at least 30%, and simplify processes to enable rapid restructuring.

Land and Production Facility Support

- **Infrastructure support:** Local budgets will assist in building infrastructure for industrial parks, technology incubators (land acquisition, compensation, transport, electricity, water, and wastewater treatment).
- **Land prioritization:** Allocate land (on average 20 hectares or 5% of industrial parks) for high-tech, small, and innovative startups at preferential rental rates, with at least a 30% discount on land rent in the first five years.
- **Public asset leasing:** Support small- and medium-sized enterprises (“**SMEs**”) and innovative startups in leasing unused public buildings or land, with transparent listings and criteria.

Financial, Credit, and Tax Support

- **Financial support:** Offer a 2% annual interest subsidy for green and circular economy projects meeting ESG standards. The SME Development Fund will provide loans, startup funding, and investments in private equity funds.
- **Tax incentives:**
 - Corporate income tax exemption for two years and a 50% reduction for the subsequent four years for innovative startups.
 - Exemption from personal/corporate income tax on transfers of shares or equity contributions in startups.
 - Personal income tax exemption for two years and a 50% reduction for the subsequent four years for experts working in innovative startups.
 - Three-year corporate income tax exemption for newly established SMEs.
 - Training expenses for SMEs are deductible for tax purposes.

- **Abolish license fees:** From January 1, 2026, license fees will no longer be collected. Household enterprises and individual entrepreneurs will not use flat-rate tax methods starting on the same date.

Science, Technology, and Human Resource Support

- **Incentivize R&D:** Businesses may allocate up to 20% of income to set up funds for science, technology, and innovation. R&D expenses are deductible at double the amount for tax purposes.
- **Digital transformation:** The state will provide free digital platforms and accounting software for SMEs and household enterprises.
- **Human resource training:** Train 10,000 CEOs by 2030 and provide free legal, governance, accounting, and tax consulting for SMEs and household enterprises.

Development of Leading and Pioneer Enterprises

- **Enhance participation in key projects:** Increase private sector participation in national projects (railways, energy, digital infrastructure) through orders and restricted bidding, ensuring transparency and efficiency.
- **Support programs:**
 - Develop 1,000 pioneering enterprises in high technology, green transformation, and innovation.
 - Ensure participation in the “Go Global” program, which supports private enterprises’ international expansion through funding, market access, technology, logistics, and legal assistance.

*Official Telegram No. 63/CD-TTg issued by the Prime Minister on May 12, 2025 on “**Strengthening Discipline, Enhancing Accountability, Addressing Shortcomings, and Creating a Favorable Investment and Business Environment for Enterprises**”*

To emphasize the need to promote a favorable business environment, the Prime Minister issued the following to government actors:

- Ministries, provinces, and cities must improve the business environment, making it easier for enterprises to operate.
- Promptly address difficulties and recommendations from enterprises, ensuring fairness and transparency.
- Enhance the quality of governance, economic development, and environmental protection.
- Inspect and strictly handle officials and civil servants who violate regulations or cause difficulties for enterprises.
- Eliminate unofficial costs incurred by enterprises during administrative procedures.

Decree No. 69/2025/ND-CP issued by the Government on March 18, 2025 and effective from May 19, 2025 “Amending and Supplementing Decree No. 01/2014/ND-CP dated January 3, 2014 on Foreign Investors’ Purchase of Shares in Vietnamese Credit Institutions”

The key highlights of the changes under this decree are outlined below.

Scope and Applicability

- The decree extends regulations to foreign-invested economic organizations (e.g. companies in Vietnam with more than 49% foreign ownership), requiring them to comply with the same rules as foreign investors when purchasing shares.
- Revised calculation of shareholding ratios:
 - **Previous:** Only shares held directly by foreign investors were counted.
 - **New:** Includes shares held by foreign investors and their related parties (e.g. family members, affiliated companies).

Redefinition of Foreign Individuals and Entities

- **Foreign individuals (Article 3, Clause 4):**
 - **Previous:** Defined as non-Vietnamese nationals (including stateless persons).
 - **New:** Defined as foreign nationals (excluding stateless persons).
- **Foreign entities:**
 - **Previous:** Included entities established overseas and companies in Vietnam with over 49% foreign ownership.
 - **New:** Defined as entities established under foreign laws and engaged in business investment in Vietnam.

Definition of Weak Credit Institutions Clarified

The decree explicitly defines weak credit institutions as:

- Banks under the special control of the State Bank of Vietnam (“**SBV**”).
- Commercial banks subject to mandatory transfer.
- Banks rated as “weak” based on the SBV’s latest assessment.

Restrictions on Foreign Investors’ Purchase of Treasury Shares

- **Previous:** Foreign investors could purchase shares when credit institutions sold shares to raise capital or treasury shares.
- **New:** Foreign investors can only purchase treasury shares if they were acquired by the credit institution before January 1, 2021.

Changes to Shareholding Limits

- **Commercial banks:**

- **Previous:** Total foreign ownership capped at 30% of charter capital, except in special cases approved by the Prime Minister.
- **New:** Maintains the 30% cap, except for:
 - o Special cases approved by the Prime Minister.
 - o Banks under mandatory transfer, excluding banks where the State holds over 50% of the charter capital (new provision, Article 7, Clause 6a): During the transfer plan's timeframe, foreign ownership can exceed the 30% charter capital cap, up to a maximum of 49%.
 - o Temporary allowances during the implementation of Clause 9, Article 14.
- **Non-banking credit institutions:**
 - **Previous:** Followed laws on public/listed companies, with no specific limits.
 - **New:** Capped at 50% of charter capital, except in special cases approved by the Prime Minister.

Handling Shareholding Limit Violations

- **New additions:**
 - **Exceeding limits:**
 - o Foreign investors (or their related parties) exceeding shareholding limits must reduce their ownership within six months to comply.
 - o If total foreign ownership exceeds the cap, no further shares may be purchased until the aggregate shareholding falls below the limit.
 - o Foreign investors selling shares to reduce ownership are exempt from certain obligations previously applicable.
 - **Restrictions on additional purchases post-transfer:**
 - o Following the conclusion of a mandatory transfer plan, foreign investors cannot purchase additional shares in the bank (except through transfers from existing shareholders or transactions between foreign investors) until total foreign ownership falls below 30%.

Reporting and Notification

- **New reporting requirements:**
 - If banks under mandatory transfer allow foreign ownership above 30%, the SBV must notify the Ministry of Finance in writing about the maximum ownership ratio, as well as the start and end dates.
- **Revised reporting rules:**
 - **Previous:** Only credit institutions were required to report fully and promptly on foreign investors' share purchases.

- **New:** Foreign-invested economic organizations are now also required to comply with these reporting requirements.

Amendments on Share Sale Conditions for Credit Institutions

- **Share sale plans:**

- **Previous:** Credit institutions were required to have any capital increase or treasury share sale plan approved by the general meeting of shareholders.
- **New:** Institutions with over 50% state capital must complete procedures under laws governing state-owned enterprise financial management before submitting the proposal to the general meeting of shareholders.

Energy

Decision No. 1279/QD-BCT issued by the Ministry of Industry and Trade on May 9, 2025 on “Electricity Prices”

This decision sets the following electricity price ranges for the country, effective from May 10, 2025:

- **Average retail electricity price:** VND2,204.0655/kWh.
- **Retail electricity prices:**
 - **Production:** Depending on the voltage level (from below 6kV to 110kV and above):
 - Normal hours: VND1,811–1,987/kWh.
 - Off-peak hours: VND1,146–1,300/kWh.
 - Peak hours: VND3,266–3,640/kWh.
 - **Administrative services:**
 - Hospitals and schools: VND1,940–2,072/kWh.
 - Public lighting and administrative units: VND2,138–2,226/kWh.
 - **Business:** Depending on voltage level:
 - Normal hours: VND2,887–3,152/kWh.
 - Off-peak hours: VND1,609–1,918/kWh.
 - Peak hours: VND5,025–5,422/kWh.
 - **Residential:**
 - Tiered pricing: From VND1,984/kWh (0–50 kWh) to VND3,460/kWh (401 kWh and above).
 - Prepaid meters: VND2,909/kWh.

- **Wholesale electricity prices:**
 - **Rural areas:**
 - Residential tiered pricing: VND1,658–2,744/kWh.
 - Other purposes: VND1,735/kWh.
 - **Residential clusters and communities:**
 - Cities/towns: VND1,826–3,206/kWh.
 - Districts/townships: VND1,762–3,035/kWh.
 - Other purposes: VND1,750/kWh.
 - **Mixed commercial-residential complexes:**
 - Residential: VND1,947–3,393/kWh.
 - Other purposes:
 - Normal hours: VND2,989/kWh.
 - Off-peak hours: VND1,818/kWh.
 - Peak hours: VND5,140/kWh.
 - **Industrial parks and clusters:** Depending on capacity and voltage level:
 - Normal hours: VND1,728–1,865/kWh.
 - Off-peak hours: VND1,079–1,210/kWh.
 - Peak hours: VND3,164–3,441/kWh.
 - **Markets:** VND2,818/kWh.

*Decision No. 1251/QD-BCT issued by the Minister of Industry and Trade on May 6, 2025
“Approving the 2025 Electricity Generation Price Framework for Waste-to-Energy Power Plants”*

With effect from the signing date, the 2025 electricity generation price framework for waste-to-energy power plants with an electricity purchase price of VND2,575.18/kWh (excluding VAT) is approved. EVN and power generation units will sign power purchase agreements in accordance with these regulations.

*Decision No. 1231/QD-BCT issued by the Minister of Industry and Trade on May 5, 2025
“Approving the Electricity Import Price Framework from China to Vietnam”*

With effect from the signing date, this decision approves the purchase of electricity from China to Vietnam at a maximum price of US\$0.093/kWh. EVN will negotiate to secure the lowest possible price.

*Decree No. 100/2025/ND-CP issued by the Government on May 8, 2025 “Amending and Supplementing Decree No. 56/2025/ND-CP dated March 3, 2025 regarding **Certain Provisions of the Law on Electricity-on-Electricity Development Planning, Power Supply Network Development Plans, Power Project Investments, and Investor Selection for Power Business Projects**”*

- **No requirement for direct competition:** Instead of having to participate directly in the competitive electricity market, power plants are now allowed to participate indirectly. This means they do not need to directly bid to sell electricity but can operate more flexibly, enabling them to sell more electricity without being pressured to bid low in a competitive market.
- **Flexible electricity production:** Previously, plants were bound by a minimum electricity output requirement under long-term contracts, regardless of fluctuations in gas supply. The new regulation now allows them to produce electricity based on the actual gas output from the fields, helping them operate more efficiently without concerns of wastage.

These changes will allow power plants to operate at maximum capacity, better utilize domestic natural gas resources, and improve the efficiency of the entire gas-to-power project chain.

Banking & Finance

*Circular No. 03/2025/TT-NHNN issued by the Governor of the SBV on April 29, 2025 on “**Opening and Using VND Accounts for Foreign Indirect Investment Activities in Vietnam**”*

This circular, which entered into effect on June 16, 2025, replaces Circular No. 05/2014/TT-NHNN (“**Circular 05**”) and amends several provisions of Circular No. 06/2019/TT-NHNN (“**Circular 06**”). Designed to modernize and enhance transparency, this circular introduces significant changes that facilitate foreign investment while tightening foreign exchange control.

Definition of Foreign Investors

- This circular clarifies that only organizations established under foreign law or individuals with foreign nationality and non-resident status are covered.
- This aligns with Circular 06’s direct investment regulations, ensuring a unified approach.
- Resident foreign investors must use standard payment accounts under applicable laws instead of foreign indirect investment accounts (“**FIIAs**”).

Comparison with Circular 05:

- Previously, distinctions between resident and non-resident foreign investors were unclear, causing overlaps in implementation.

Transactions via FIIAs

- Expanded and clarified transaction categories include:
 - Buying/selling securities.

- Contributing capital to unlisted companies (outside the scope of direct investment accounts (“DIAs”).
- Entrusting investments through fund management companies or authorized institutions.

Management Principles

- New regulations:
 - Prohibition on joint ownership of FIAs (foreign investors cannot open accounts with multiple joint owners).
 - Mandatory purpose declaration for all fund transfers.

Account Opening Procedures

- The one-account-per-investor rule remains, but exceptions are allowed for securities firms or investment funds to open separate accounts for specific portfolios.
- Foreign language documents certified within 12 months are accepted without requiring Vietnamese translations.

Comparison with Circular 05:

- The previous framework mandated consular legalization of documents, causing delays.

Use of FIAs

- Additional categories of permissible inflows and outflows:
 - New inflows:
 - Profits from insufficiently funded share purchase transactions (for organizations)
 - Deposits/margin funds received or refunded
 - Transfers from old FIAs to new FIAs
 - New outflows:
 - Loss payments from insufficiently funded share purchases
 - Transfers of deposits/margin funds or refunds abroad
 - Transfers of funds to new FIAs

Responsibilities of Banks and Foreign Investors

- Banks must establish internal regulations, verify documents/transactions, and ensure anti-money laundering compliance.
- Foreign investors must provide accurate declarations, valid documents, and bear responsibility for authenticity.

Transitional Provisions

- The transitional provisions are flexible and synchronized with other regulations:

- Previously, all accounts had to transition within 90 days, with no exceptions for special entities.
- The ownership threshold differentiating foreign indirect investment and direct foreign investment has been changed from “51%” to “above 50%”, consistent with the 2020 Investment Law.
- Companies with foreign ownership above 50% but below 51% must transition from FIAs to DIAs within 12 months but can continue using their FIA during this period.
- Special entities (e.g. securities firms, investment funds, international organizations) can transfer balances from old accounts to new accounts once.

Securities

*Circular No. 19/2025/TT-BTC issued by the Ministry of Finance on May 5, 2025 on “**Public Company Registration, Cancellation of Public Company Status, and Audited Reports on Contributed Charter Capital**”*

This circular, which entered into effect on May 5, 2025 (or “the signing date”), outlines new guidelines for joint-stock companies regarding registration and cancellation of public company status, as well as reporting requirements for contributed charter capital. These provisions apply to joint-stock companies, audit organizations, securities authorities, and related parties, based on the amended Securities Law (Law 56/2024 dated November 29, 2024). We provide the key highlights below.

Registration as a Public Company

- **Submission deadline:** Joint-stock companies must submit their application for registration within 90 days after meeting the criteria under the Securities Law.
- **Required application documents:**
 - Registration form
 - Company charter
 - Financial statements
 - Audited report on contributed charter capital
 - List of shareholders
- **Submission methods:** Applications can be submitted in person, by mail, or online. Foreign documents must be translated and legally certified.
- **Review process:** The State Securities Commission (“**SSC**”) will review and may request corrections if needed. Companies are liable for inaccuracies or invalid submissions.

Reporting Contributed Charter Capital

- Reports on contributed capital must be audited and cover at least 10 years or the period since the company's establishment (if under 10 years).
- Audit results must be fully accepted. Any issues identified must be explained by the company.

Cancellation of Public Company Status

- **A company loses its public company status if:**
 - It no longer meets the criteria for public companies (minimum charter capital of VND30 billion and at least 10% of shares held by 100 or more minority investors).
 - It fails to publish audited financial statements for two consecutive years.
 - It fails to disclose resolutions of annual general meetings for two consecutive years.
 - It fails to register its shares with the Vietnam Securities Depository and Clearing Corporation or to list/trade shares on a stock exchange within one year of registration or public offering.
- **Reporting obligations:**
 - Companies must report within 15 days if they fail to meet public company criteria.
 - If deficiencies persist for one year, they must submit an application for cancellation. The SSC will review and issue a cancellation decision within 15 days.
 - If the company does not voluntarily submit a cancellation application, the SSC may initiate cancellation based on shareholder lists or the latest audited financial reports.
- **Disclosure requirements:** Companies must announce the cancellation of public company status on their websites and to the Stock Exchange.

Circular No. 20/2025/TT-BTC issued by the Minister of Finance on May 5, 2025 "Amending Circular No. 51/2021/TT-BTC on the Obligations of Organizations and Individuals Engaged in Foreign Investment in Vietnam's Securities Market"

This circular, which is entered into effect on June 20, 2025, focuses on simplifying procedures, increasing transparency, and attracting more foreign capital into Vietnam's securities market. Below are the main updates and amendments.

Clearer Regulations on Indirect Investment Capital Accounts

- **Previous:** To make securities investments, foreign investors were required to open an account at a bank authorized to trade in foreign exchange. However, it did not specify that this account must be used for all transactions, which created loopholes and confusion among investors and banks.
- **Updated:**
 - Clarifies that all activities, such as buying or selling securities, receiving dividends, converting money for overseas remittance, and any other securities-related

transactions must go through an indirect investment capital account at an authorized bank.

- Issuers of depositary receipts (a form of proof of stock ownership) abroad must also open such accounts to handle issuance or cancellation transactions.
- Opening, closing, using, or renaming accounts must comply with the country's foreign exchange management laws.
- In conjunction with Circular 03/2025/TT-NHNN issued by the SBV dated April 29, 2025 (discussed earlier in this document), the time to open accounts has been reduced from several months to a few days, cutting costs and administrative burdens.

Stricter Reporting and Disclosure Requirements

- **Previous:** Related foreign investor groups (e.g. investment funds managed by the same company) were required to designate an organization or individual to report securities holdings. Documentation included licenses or identity cards, but no specific requirements for validity were provided.
- **Updated:**
 - Documents must be valid copies (issued from originals or certified by competent authorities).
 - For foreign individuals, valid copies of passports or equivalent legal documents must be submitted.
 - Notifications of designating or changing the reporting entity must be sent within 24 hours of the decision taking effect to the SSC and subsidiaries of the Vietnam Stock Exchange.

Priority for Electronic Reporting

- **Previous:** Reports could be submitted in hard copy with accompanying electronic data or via the SSC's electronic system, with a minimum five-year retention period.
- **Updated:**
 - Encourages using the FIMS (Foreign Investor Management System) for submitting reports.
 - If technical issues arise (e.g. network outages or server errors), reports may be submitted in hard copy with accompanying electronic data, provided an explanation is included. After resolving the issue, reports must be re-submitted via FIMS.
 - Reports must still be retained for at least five years.

Information Technology

Decision No. 890/QĐ-TTg issued by the Prime Minister on May 9, 2025 “Establishing the Binh Duong Centralized Information Technology (IT) Zone”

The key highlights of this decision, which entered into effect on the signing date, are outlined below.

Key Details

- Scale: 15.47 hectares.
- Relevant decree: Decree No. 154/2013/ND-CP, which was issued on November 8, 2013 and became effective from January 1, 2014, governs centralized IT zones.

Purposes

- To establish centralized IT zones to develop the IT sector, attract investment, create high-quality jobs, stimulate the economy, and enhance national competitiveness.
- To support research, production, and business activities for IT products/services, as well as human resource training and technology transfer.

Definition of a Centralized IT Zone

- It is a location dedicated to IT research, development, production, and businesses, along with related infrastructure and services.
- It must employ at least 2,000 IT workers (or 1,000 if focusing solely on software and digital content), constituting at least 60% of the total workforce.
- The minimum area is one hectare for software-only activities or five hectares for broader activities.

Functions and Tasks

- To engage in IT research, production, and businesses.
- To train IT personnel and incubate IT enterprises.
- To organize fairs, exhibitions, and investment promotion activities.

Establishment and Expansion

The Prime Minister decides on the establishment or expansion based on local proposals and evaluations by the Ministry of Information and Communications:

- It must align with planning, have completed infrastructure, and achieve a land lease rate of 60-70%.

Incentives

- For investors:
 - Support for land clearance

- A 50% reduction in land rent and a land rent exemption for non-commercial infrastructure
- Credit incentives
- For enterprises:
 - Corporate income tax of 10% for 15 years, tax exemption for four years, and a 50% reduction for nine subsequent years.
 - Import duty exemption for equipment and materials
 - Support with customs procedures and credit access

“The Personal Data Law” promulgated by the National Assembly on June 25, 2025

The Personal Data Law aims to protect the identifying information of Vietnamese citizens or people of Vietnamese residing in Vietnam. It officially takes effect on January 1, 2026. Below are the key points.

Scope of Personal Data

This is any information that can identify a person, such as their name, address, phone number, email, photos, videos, health information, or bank account information. The law applies to personal information found online or on paper.

Who Must Comply?

- All individuals and companies in Vietnam are subject to this law.
- Foreign companies are also subject to this law if they use the information of Vietnamese citizens or people of Vietnamese origin residing in Vietnam in legal documents. For example, a foreign social network must comply if their app is used in Vietnam.

Protections under the Law

- Companies must obtain individuals’ consent before collecting their data and they must clearly explain what the data will be used for.
- Individuals have the right to refuse the collection of their data. If a person does not agree, their information cannot be collected, shared, or sold.
- In certain special cases, such as national security, to save lives, or for purposes of the fulfillment of a contract a person has signed, personal data can be collected/used without prior consent.
- Any personal information collected must be carefully protected to prevent leaks.

Individuals’ Rights

- Individuals have the right to know what information is held about them.
- If a person finds that the data is incorrect or unnecessary, they can request corrections to or the deletion of the information.

- However, there is a limit on this right; it cannot be used to cause trouble for the collector of the information or to harm others. For example, a person cannot request a deletion of information just to avoid legal responsibilities.

Penalties for Violations

- Heavy financial penalties, as follows:
 - For illegally trading personal data: Fines of up to 10 times the amount gained or a maximum of VND3 billion.
 - For unauthorized cross-border data transfer: Fines of up to 5% of the previous year's revenue or a maximum of VND3 billion.
 - For other violations: Fines of up to VND3 billion for organizations, or VND1.5 billion for individuals.
- Compensation must also be paid for any damages or losses caused, such as financial loss or harm to a person's reputation.
- In serious cases, criminal charges may apply.

Specific Rules for Certain Sectors

- **Recruitment:** Only necessary information (e.g. name, skills) is allowed to be collected. If an applicant is not hired, their information must be deleted unless they consent to its retention. Employee information must be kept for only a reasonable time and deleted when the employee leaves, unless otherwise required by law.
- **Healthcare and insurance:** Explicit consent is required to use health information. For example, hospitals cannot share a person's medical records with others without permission.
- **Banking and finance:** Banks must protect their clients' account information and credit scores. If a data breach occurs, they must promptly inform those affected and the authorities.
- **Advertising:** Only legally collected information can be used for advertising. People have the right to opt out of receiving ads, and companies cannot hire third parties to advertise using a person's data without their consent.
- **Social networks:** They must disclose what data they collect (such as posts, messages). Users have the right to view, correct, and delete their data. Social networks cannot require photo IDs for account verification, nor can they eavesdrop on users' messages or calls without their consent.

Special Protection for Children and Vulnerable Individuals

- Children under age 16, people with cognitive impairments, or those unable to control their behavior are given extra protection.
- For children over 7 years old whose personal information is to be made public (e.g. in a post about them), consent must be obtained from both the child and the parents.

What Must Companies Do to Comply?

- Appoint a person or team to be responsible for personal data protection. If necessary, this function can be outsourced.
- Conduct a compliance audit within 60 days of starting data collection and update it every six months or upon any changes.
- For cross-border data transfers, additional reporting is required, except in cases such as cloud services or when a person transfers their data themselves.
- Small businesses may be exempt from some requirements if certain conditions are met.

Required Actions if a Data Breach Occurs

- Companies must report to the authorities (Ministry of Public Security) within 72 hours of detecting a serious breach (e.g. those that might impact a person's safety, health, or property).
- They must take remedial measures and protect affected individuals.

How to Prepare for Compliance under the New Law

Ahead of the new law's entry into effect on January 1, 2026, anyone that collects personal should:

- Review how they collect, store, and use personal data to ensure compliance.
- Train their employees to understand individuals' rights under the law and how to handle data properly.

Resources & Environment

*Decree No. 105/2025/ND-CP issued by the Government on May 15, 2025 on “**Regulations and Implementation Measures for the Law on Fire Prevention and Fighting and Rescue**” (“Law on Fire Prevention 2024”).*

This decree, which entered into effect on July 1, 2025, replaces earlier regulations (Decrees 78/2011, 83/2017, and 136/2020). Below is a summary of the key updated regulations.

Fire Safety Management Categories

- **New additions:**
 - Expanded the list of establishments subject to fire safety management to 34 (Appendix I), up from 21 under Decree 136/2020. New categories include:
 - Government offices
 - Space research facilities, data centers, multi-purpose buildings with at least two floors or a floor area of 100 m²
 - Warehouses for flammable goods over 500 m²
- **Revisions:**
 - Does not include Appendices III, IV, and VIII from Decree 136/2020, which outlined management responsibilities and fire safety signage.

- Introduced:
 - Appendix III: Facilities and vehicles requiring fire safety design approvals.
 - Appendix IV: Fire safety equipment and materials.
 - Appendix V: Fire safety vehicles requiring pre-approval for use.

Fire Safety Documentation

▪ New requirements:

- Information sheets for establishments
- Fire safety and rescue regulations
- Fire equipment maintenance logs
- Assignment letters for fire safety duties (if no dedicated fire safety team)
- As-built drawings for fire systems (if design approvals are required)
- Inspection records, penalties, or recommendations (if applicable)

▪ Simplifications:

- Removed requirements for older documents, such as:
 - Fire safety internal regulations approvals
 - General layout drawings
 - Reports on fire and explosion incidents
 - Fire safety business certification
 - Lightning protection and pressure equipment inspection reports

Fire Safety Design Approvals

▪ New regulations:

- Specialized construction agencies will assess:
 - Safety distances between structures
 - Fire truck access roads and parking areas
 - Evacuation routes and emergency staircases
 - Fire and smoke prevention measures
- Applicable to large-scale facilities like residential buildings over seven floors, malls exceeding 2,000 m² or stadiums with over 5,000 seats (Appendix III).

▪ Revisions:

- Previously, Decree 136/2020 did not specify detailed responsibilities.
- Now, police agencies only assess electrical and fire safety systems within a maximum of 10 days for critical projects or 6 days for others.

Fire Safety Reporting Frequency

▪ New requirements:

- Establishments in Appendix II: Inspection every 6 months.
- Establishments in Appendix I: Inspection once a year.
- Reports are due by June 15 and December 15 annually.

▪ Revisions:

- Decree 136/2020 mandated semi-annual reporting for all facilities under police management.

Establishment of Specialized Fire Safety Teams

▪ New rules:

- Organizations managing multiple facilities can form specialized fire safety teams, provided:
 - o Fire trucks are within 3 km of the furthest facility.
 - o Other facilities have local fire safety teams under the specialized team.

▪ Revisions:

- Decree 136/2020 lacked provisions for centralized team management.

Fire Alarm and Communication Equipment Rollout

▪ New deadlines:

- By January 1, 2026: Identify areas and residences lacking fire safety infrastructure.
- By July 1, 2027: Cities under central government jurisdiction must implement and connect fire alarm systems.
- By July 1, 2027: Facilities listed in fire safety regulations must install fire alarm equipment.

▪ Revisions:

- Decree 136/2020 provided no specific timelines.

Addressing Non-Compliant Facilities

▪ New deadlines:

- By January 1, 2026: Provincial governments must list non-compliant facilities.
- By July 1, 2028: Facilities must either upgrade or repurpose to come into compliance.

▪ Revisions:

- Decree 136/2020 lacked detailed timelines for remediation.

Fire Safety Equipment Certification

▪ New provisions:

- Certification of fire safety equipment will only apply until June 30, 2026. After this, certification will no longer be required.

- **Revisions:**

- Decree 136/2020 required continuous equipment certifications.

Dangerous Goods Transport Permits

- **New rules:**

- The Ministry of Industry and Trade now issues permit for all hazardous goods categories (1, 2, 3, 4, 5, 8, and 9).

- **Revisions:**

- Previously, the Ministry of Public Security handled categories 1, 2, 3, 4, and 9, while the Ministry of Industry and Trade oversaw categories 5 and 8 only (Decrees 161/2024 and 65/2018).

Tax

Decree No. 70/2025/ND-CP issued by the Government on March 20, 2025 “Amending and Supplementing Certain Provisions of Decree No. 123/2020/ND-CP dated October 19, 2020 on Invoices and Vouchers”

Effective from June 1, 2025, this decree introduces significant updates aimed at improving transparency, compliance, and convenience in invoice management for businesses and consumers.

Expansion of Electronic Invoice Users

- Newly included:
 - Foreign companies selling goods or digital services online without a local office in Vietnam can voluntarily use electronic invoices (e-invoices).

New Definitions of E-Invoices and Their Usage

- **Invoices from point-of-sale systems:**
 - Generated by point-of-sale systems (e.g. supermarkets, restaurants), directly linked to tax authorities with a QR code for verification.
- **Point-of-sale systems:**
 - Automated systems for calculating and recording transactions.
- **Electronic receipts:**
 - Digital records of taxes and fees, replacing paper-based receipts.
- **Invoice deletion:**

- E-invoices must be fully erased electronically, while paper invoices must be destroyed physically (e.g. shredded or burned).

Integration of Goods and Tax Information

- E-invoices can include both item prices and applicable taxes/fees, streamlining billing (e.g. supermarket invoices listing item costs and VAT).
- Sellers and tax agencies must coordinate responsibilities for invoice issuance and reporting.

Prohibited Activities

- Forging invoices for fraudulent purposes.
- Failing to submit e-invoice data to the tax authorities.

Expanded Invoice Applications

- **New provisions:**
 - Foreign companies selling goods online can issue VAT invoices.
 - Export-processing enterprises can issue VAT invoices under either direct or credit deduction methods.
 - E-commerce invoices: Used for cross-border transactions, with digital submissions to the tax authorities.
 - Public asset invoices: Applicable for all state-owned assets.
- **Revisions:**
 - The old regulations specified only certain public assets (e.g. land, buildings).
 - New regulations apply to all public assets comprehensively.

Invoice Timing Adjustments

- **New rules:**
 - **Exports:** Invoices must be issued no later than one day after customs clearance.
 - **Hospitals:** Invoices are issued upon receiving insurance reimbursements.
 - **Lotteries:** Invoices are issued before the next draw.
 - **Casinos/e-gaming:** Invoices must be issued within one day of revenue calculation.
- **Revisions:**
 - **Utilities (e.g. electricity, water):** Previously issued at standard intervals; now issued within seven days of data verification.
 - **Crude oil/gas:** Previously issued within seven days after volume notification; now issued upon price determination or tax payment deadlines.
 - **Financial services:**

- Bank loans: Invoices issued per interest collection period.
- Currency exchanges: Invoices issued immediately upon transaction.
- Taxis: Invoices issued at the end of each trip.

Additional Invoice Information Requirements

- Invoices for government agencies must include budget codes.
- Transport invoices (e.g. Grab): Must specify sender details, including name, address, and tax code.
- Promotional or gift invoices: Must include a summary invoice with detailed lists attached.
- Casinos/e-gaming: Invoices are exempt from buyer information requirements.
- E-invoice signatures: Allowed up to one day after invoice issuance.

Mandating Point-of-Sale System Invoices

- **Who must use them:** Businesses with annual revenue over VND1 billion, such as supermarkets, restaurants, hotels, taxis, and cinemas.
- **Details to include:**
 - Seller's name, address, and tax code
 - Buyer's information (if applicable)
 - Product details (e.g. name, price, quantity)
 - Date/time of purchase
 - QR code for downloading invoices
- **Invoice delivery:** Via SMS, email, or QR code.

Special Invoice Provisions

- **New rules:**
 - Insolvent companies or those under tax audits can request individual tax-coded invoices.
 - Invoice registration now requires biometric verification (e.g. facial recognition or fingerprinting) to prevent fraud.

Encouraging Invoice Usage

- Introduces "Lucky Invoice" programs or rewards for regular customers to encourage invoice collection during purchases.

Corporate Investment and Taxation

*Law No. 67/2025/QH15 on “**Corporate Income Tax**” promulgated by the National Assembly on June 14, 2025*

The new law on corporate income tax (“**CIT**”) takes effect on October 1, 2025.

General Provisions

- **Foreign entities selling online:** Foreign entities that sell goods or services in Vietnam through apps or websites (such as online shopping, streaming, or music platforms) are now required to pay tax in Vietnam. These platforms are considered as having a permanent establishment in Vietnam, which may trigger international tax obligations.
- **Tax on overseas investments:** Vietnamese companies earning profits from investments abroad must pay tax in Vietnam at the time that they are earned, rather than waiting until the funds are repatriated. Any tax already paid overseas will be credited against their Vietnamese tax liability.
- **Application of international tax rules:** The new law allows Vietnam to apply international tax rules (such as those by the OECD/UN) to ensure fairer taxation, especially on income generated from foreign countries.
- **Non-taxable income:** Certain types of income are exempt from tax, such as:
 - Income from selling carbon credits (for environmental protection).
 - Interest from green bonds (used for environmental projects).
 - Financial support from the State budget or government-established funds.
- **Tax calculation and loss offsetting:** If a company incurs a loss from the sale of a real estate project, it can offset this loss against profits from other business activities (except for tax-incentivized activities). However, income from mineral extraction projects must be calculated separately and cannot be offset.
- **Applicable tax rates:**
 - The standard tax rate remains 20% for entities with annual revenue of over VND50 billion.
 - Small entities (those with annual revenue under VND3 billion) pay 15%.
 - Medium entities (those with annual revenue of from VND3 - 50 billion) pay 17%.
 - Microenterprises and certain foreign companies may pay tax based on a percentage of their revenue, with specific details to be stipulated later.
- **Priority of the CIT law:** The new CIT law takes precedence over other laws in case of conflicting tax incentives, except for the Capital Law and certain special policies.

Tax Incentives

- **New sectors eligible for tax incentives:**
 - Production of digital technology products and semiconductors, and artificial intelligence (“AI”) data centers
 - Automobile manufacturing and assembly
 - Support for small entities (technical assistance, startups, or coworking spaces)
- **Removal or reduction of incentives:**
 - Industrial zones no longer enjoy tax reductions.
 - Some economic zones not located in difficult areas also face reduced incentives.
 - Large-scale investment projects (over VND6 trillion) are no longer eligible for incentives.
- **Expansion projects:** If a company expands a project (e.g. increases capacity, upgrades technology, reduces pollution), it may enjoy tax incentives either equivalent to the existing project or as a new project if conditions are met. Additional income from the expansion must be calculated separately.
- **Transition of incentives:** Companies currently benefiting from tax incentives may choose to continue with the old scheme or switch to the new incentives if eligible. Previously ineligible projects may now qualify under the new law.

Deductible and Non-Deductible Expenses

- **Deductible expenses:**
 - R&D costs can be deducted at a higher rate than the actual expense.
 - Environmental costs (e.g. emissions reduction, environmental remediation) or the costs for the construction of public works are deductible even if they do not generate immediate revenue.
 - Other expenses as stipulated by the government.
- **Non-deductible expenses**
 - Expenses that are not legally compliant.
 - Interest on loans from non-banking sources exceeding the regulatory cap (currently 20%).
 - Cash payments exceeding the prescribed threshold (to be regulated later).

*Decree No. 69/2024/ND-CP issued by the Government on June 25, 2025 on “**Electronic Identification and Authentication**”*

Under this decree, accounts created by the National Public Service Portal or the administrative procedure resolution information systems at the ministerial or provincial level for agencies and organizations may be used until June 30, 2025.

After that, starting from July 1, 2025, the legal representative of an enterprise or an authorized individual who has a Level 2 e-identification account must register an organizational e-identification account on the national e-identification (“VNEID”) application to handle administrative procedures.

The e-identification for foreign legal representatives of foreign direct investment (“FDI”) enterprises will be implemented from July 1, 2025. Until the Ministry of Public Security issues an e-identification account for the legal representative, FDI enterprises are to continue using their current accounts for tax administrative procedures as usual.

The decree provides the following e-identification guidance for foreigners in Dong Nai and Bien Hoa (other provinces, such as Ho Chi Minh City, are likely to implement similar processes):

Timeframe: Starting from July 1, 2025.

Who: Foreign legal representatives of FDI enterprises registering for a Level 2 e-identification account.

Process: After registering, an e-identification code and password for logging into the VNEID account will be sent via the VNEID application, a verified phone number, or email. The legal representative will then activate the account on the VNEID application to register for an organizational e-identification account to be able to handle administrative procedures and access public administrative services electronically.

- Due to the need to maintain organizational operations, from July 1 to July 10, 2025, priority for Level 2 organizational e-identification accounts will be given to foreign individuals who head companies or enterprises.
- For Vietnamese legal representatives of FDI enterprises who already have a Level 2 e-identification account, they can log into the VNEID account to register for an organizational e-identification account to be able to handle administrative procedures and access public administrative services electronically.

Documents required for registration:

- Passport/valid international travel document
- Visa or temporary residence card
- Request form for an e-identification account (Form TK01 attached to Decree 69)
- Verified email/phone number
- Information the foreigner wishes to integrate into the VNEID application.

Law No. 76/2025/QH15 on the “Amendment and Supplementation of Certain Articles of the Law on Enterprises” promulgated by the National Assembly on June 17, 2025

This law, referred to as the “**2025 Amended Law on Enterprises**” introduces several changes to improve transparency and provide clarity for companies operating in Vietnam. The law entered into effect on July 1, 2025. We provide the key updates below.

Disclosure of Company Beneficial Owners

- **Who is a beneficial owner?** A beneficial owner is the person who ultimately owns or controls the company, such as the person who has a significant shareholding or has decision-making powers (e.g. to appoint directors or change the company’s business model).
- **What are the requirements?**
 - When registering a company, a list of beneficial owners must be submitted that includes information such as their full name, date of birth, nationality, ethnicity, gender, contact address, ownership ratio (% of shares), and identification documents (ID card or passport).
 - The company must collect, update, and retain this information at its headquarters or as specified in its charter, for at least five years after dissolution or bankruptcy.
 - The company must provide this information to State authorities upon request, especially for anti-money laundering checks.
 - If there is any change in beneficial ownership (such as a change in owners or ownership ratios), the company must notify the business registration authority, except for listed companies.
- **For existing companies:** Companies established before July 1, 2025 must supplement the beneficial ownership information when making any subsequent business registration changes or earlier if desired.

Obligation to Declare Truthful Information

- Companies must not provide false information, particularly regarding actual capital contributions. For example, they cannot declare VND100 million in capital if only VND50 million has been contributed, or misvalue contributed assets.
- If false declarations are made, the company’s legal representative (i.e. the director) may be fined or held civilly liable.
- Companies must ensure that all registration and operational information is truthful.

Expansion of Who Can Establish a Company

- Previously, public officials and civil servants were prohibited from establishing or managing companies. Now, those working in science, technology, innovation, or digital transformation are permitted to:
 - Establish and manage companies.
 - Contribute capital or buy shares in joint-stock companies, limited liability companies, or partnerships.

Regulations on Borrowing and Bond Issuance

- Non-public joint-stock companies issuing bonds must ensure that their total debt (including the bonds to be issued) does not exceed five times their equity, based on the previous year's audited financial statements.
- Some companies are exempt from this rule, including state-owned enterprises (“SOEs”), real estate companies, banks, insurance companies, securities firms, and fund management companies.
- Bond issuances announced before July 1, 2025 remain subject to the previous law.

Valuation of Shares or Capital Contribution

- When transferring shares or capital, valuation is determined as follows:
 - **Listed shares:** Based on the average trading price over the last 30 days before valuation, the agreed price between the buyer and the seller, or the price appraised by a valuation organization.
 - **Unlisted shares/capital:** Based on the most recent transaction price, the agreed price, or the valuation by a valuation organization.

Post-Registration Company Inspections

- Under the 2025 Amended Law on Enterprises, the government has shifted from pre-registration inspections to post-registration checks (known as post-licensing inspections).
- Provincial People's Committees will issue transparent inspection procedures and coordinate information sharing on companies' legal compliance.

Other Minor Changes

- **Dividends:** Refers to profits paid to shareholders from post-tax profits, payable in cash or assets.
- **Capital reduction:** Joint-stock companies can return capital to shareholders if they have operated for more than two years (excluding suspension periods) and can still meet debt obligations. Companies can also return capital based on preferred stock terms.
- **Shareholders' meetings:** If the board of directors fails to convene a meeting, shareholders holding at least 5% of ordinary shares (or a lower ratio as specified in the charter) may convene a meeting but are responsible for any false information provided.
- **Company dissolution:** Companies will be dissolved if they lack the minimum required number of shareholders or members for six months without converting to another legal form.

Removal of Digital Signature Requirement

- Companies are no longer required to use digital signatures or business registration accounts for registration procedures. The government will provide detailed guidance on electronic registration methods.

Law No. 90/2025/QH15 on the “Amendment and Supplementation of Certain Articles of the Law on Bidding, the Law on Investment under the Public-Private Partnership Method, the Law on Customs, the Law on Value Added Tax (“VAT”), the Law on Export and Import Duties, the Law on Investment, the Law on Public Investment, and the Law on the Management and Use of Public Property” promulgated by the National Assembly on June 25, 2025

This law amends a number of articles of various laws, as described below. The changes entered into effect on July 1, 2025.

LAW ON BIDDING

This law has been significantly revised to make contractor selection easier and to promote technology development, innovation, and digitalization. Below are the key highlights:

Support for Technology and Creative Enterprises

- **Who receives priority?** Companies and individuals engaged in technology, innovation, and research (such as startups, innovation hubs, and high-tech companies) are given preferential treatment in bidding. For example, a young entrepreneur who invents a new tech product will have easier access to bidding opportunities.
- **Easier participation:** Technology companies are no longer required to prove they have sufficient equity to implement projects, making it easier for them to participate.
- **Collaboration with foreign partners:** Vietnamese companies can collaborate with foreign firms on domestic technology and innovation projects, enabling knowledge and technology transfer.

New Methods for Selecting Contractors

- **Various contractor selection methods include:**
 - Direct contracting (single-sourcing).
 - Competitive bidding (open bidding, competitive offers).
 - Community-based implementation or self-execution by the procuring entity.
 - **Commissioning:** A new method where tasks are directly assigned to companies or individuals to produce public products, services, or undertake important projects (e.g. technology, defense, energy).
- **Simplified direct contracting:** Direct contracting is permissible when:
 - A company proposes a project involving unique technology.
 - The project requires a company that has already built essential digital platforms to ensure system integration.
- **Simplified competitive offers:** Fewer stringent requirements on experience and capacity for bidders, allowing more companies to participate.

Special Cases

- **Selection of special investors:** Investors can be selected without open bidding if the project requires:
 - Special technologies.
 - The involvement of national defense, security, or national interest.
- **When can bidding be canceled?**
 - If the project's objectives or scope change (e.g. due to state agency restructuring).
 - If unforeseen issues arise (e.g. natural disasters) affecting project plans.

Simplified Procedures

- **Greater flexibility for SOEs:** SOEs not using State budget funds can independently decide their procurement methods without being bound by the bidding law, enabling faster and more competitive procurement.
- **Eliminating intermediary roles:** No need for intermediaries to handle bidding procedures, simplifying the process and saving time.
- **Faster government decisions:** The government can promptly adjust regulations on direct contracting and competitive offers without waiting for formal legal amendments, ensuring timely adaptation.

International Bidding and High-Tech Projects

- **International bidding:** For projects in sensitive areas (e.g. border regions), authorities like the Ministry of National Defense or Ministry of Public Security must review before deciding between domestic or international bidding.
- **One-stage, two-envelope process:** This applies to the procurement of medicines, medical equipment, or high-tech projects, allowing for quicker contractor selection.

Responsibilities of the Procuring Entity

- **What must investors do?**
 - Respond to inquiries about bidding documents.
 - Request contractors to clarify their bids.
 - Approve or reject a contractor's proposal to subcontract part of the work, ensuring quality and progress.

Other Changes

- **Limited use of restricted bidding:** Restricted bidding is now reserved for projects with special technical requirements, reducing its overuse.
- **Flexible procurement:** Scientific and technological projects funded by the State can freely select contractors. In agriculture, direct purchases from farmers and households are allowed.

LAW ON INVESTMENT

There are several changes to support technology projects and economic development. Below are the key updates:

New Incentivized Sectors

- Development of large data centers and cloud computing services
- Manufacturing of advanced technology products
- Innovation and digital transformation
- Training of human resources for the technology and railway sectors
- Waste treatment, recycling, and water resource protection

New Incentivized Areas

In addition to industrial parks and high-tech zones, **focused digital technology zones** are now eligible for investment incentives.

New Categories of Special Support

Large-scale projects (with investment of VND3 trillion or more) such as:

- Data centers, cloud computing, and 5G networks
- Chip manufacturing and digital technology products
- AI centers

These projects will receive incentives if investments are made quickly and substantially.

Provincial Authority Over More Projects

Certain large-scale projects—such as population relocation, airport construction, air transport, and oil refining—that were previously under the Prime Minister's authority will now be approved by the **Provincial People's Committees**.

Changes to Conditional Business Lines

- **Added:** Services related to digital assets (such as virtual currencies) and personal data processing.
- **Removed:** Urban railway business is no longer classified as a conditional business sector.

Transfer of Projects in Pre-2021 Urban Areas

Projects located in urban areas established before 2021 can now be transferred if:

- Land-use rights certificates have been issued.
- Financial obligations are fulfilled.
- The current investor does not wish to continue. The transferee will inherit the rights and obligations to continue the project.

Special Registration for Certain Projects

Large technology projects (e.g. data centers, 5G networks, tech product manufacturing) located in industrial parks or high-tech zones may apply through a **special, expedited registration process**.

New Requirements for Foreign Investors

Foreign investors are allowed to establish companies in Vietnam to develop technology projects (such as innovation centers or chip manufacturing) **before applying for an investment registration certificate**.

CUSTOMS LAW

Previously:

To qualify for priority treatment (such as expedited customs procedures and fewer inspections), entities were required to have export-import management software directly connected to the customs authority's system. They also needed to comply with the law for two consecutive years, achieve significant import-export revenue, use electronic procedures, conduct payments via banks, and maintain an effective internal control system.

Amendments:

- The software requirements have been loosened; entities now only need to have software or an IT system to manage import-export goods and share data with the customs authority, without needing to have a fully integrated direct connection.
- High-tech entities, such as semiconductor chip manufacturers, are eligible for priority treatment without needing to meet the revenue thresholds or the two-year compliance record. However, they must still use electronic procedures, make payments via banks, and maintain internal control systems.
- On-the-spot imports and exports (goods delivered and received within Vietnam under contracts with foreign companies) must undergo customs procedures and be subject to clear inspection and supervision.
- Entities operating in the Da Nang Free Trade Zone or engaging in major digital technology projects are also eligible for priority treatment.
- Goods related to high technology and semiconductors will receive preferential treatment as listed by the Ministry of Science and Technology.

VAT LAW

Previously:

The law did not clearly provide for a 0% VAT rate on on-the-spot exports (goods delivered and received within Vietnam under contracts with foreign companies). As a result, businesses often had to export goods abroad and then re-import them, incurring significant time delays and costs.

Amendment:

On-the-spot exports are now subject to a 0% VAT rate, helping businesses save costs and eliminating the need to physically export and re-import goods. This change streamlines procedures and reduces waiting time.

LAW ON EXPORT AND IMPORT DUTIES

Previously:

Machinery, equipment, and raw materials that could not be produced domestically and were

used for scientific and technological research were exempt from import duties. High-tech entities were granted a five-year import duty exemption starting from commencement of production.

Amendments:

- Import duty exemptions are now extended to machinery, equipment, spare parts, raw materials, and scientific publications (including those that can be produced domestically) used for research, technological development, innovation, and digital transformation.
- Goods used to create fixed assets for scientific, technological, innovation, and digital transformation projects—whether new or expanded—are also exempt from import duties.
- Raw materials, materials, and components for production by organizations engaged in science, technology, innovation, and digital transformation are exempt from import duties for five years from commencement of production.

*Resolution No. 226/2025/QH15 dated June 27, 2025 issued by the National Assembly on the “**Pilot implementation of Certain Special Mechanisms and Policies for the Development of Hai Phong City**”*

This resolution, which entered into effect on July 1, 2025, introduces special policies to promote the development of Hai Phong City, with a focus on attracting investment, especially in technology, logistics, and commerce. Below are the key highlights:

Easier Investment

- Hai Phong is authorized to approve large-scale projects (e.g. ports with investment from VND2.3 trillion) without requiring the Prime Minister’s prior approval.
- Investment procedures in the free trade zone (“**FTZ**”) are simplified, particularly for sectors like high-tech, artificial intelligence, semiconductor manufacturing, and logistics.

Foreign investors are not required to obtain an investment certificate before establishing a company in the FTZ; they only need to register like domestic investors do.

Free Trade Zone

- The FTZ is a special area designed to attract investment in technology, logistics, commerce, and premium services.
- It includes dedicated areas for manufacturing, ports, logistics, and commerce.
- Entities in the FTZ enjoy customs priority and exemptions from specialized inspections for internationally certified goods.
- Foreigners (experts, scientists) are granted visa exemptions and 10-year temporary residence cards.

Tax and Land Incentives

- **Tax exemptions:** Entities operating in the FTZ are exempt from CIT for four years, enjoy a 50% reduced tax rate (from the already incentivized low tax rate of 10-15%) for the following nine years, and benefit from a low tax rate (10-15%) for the next 15-30 years.

- **Land rent exemption:** Projects in the FTZ (except housing and commercial projects) are exempt from land rent for the entire lease period.
- **Startups and high-tech companies** are exempt from income tax for five years. Individuals and experts working in the FTZ are also eligible for tax exemptions or reductions.

Support for Startups and Technology

- The city will establish a venture capital fund to provide financial support for technology projects and innovative startups.
- Entities receive support for R&D costs, access to laboratories, and intellectual property consulting.
- New technology testing is permitted for 3-6 years with more flexible regulatory conditions.

Logistics and Infrastructure

- The city will heavily invest in ports, waterways, and logistics centers.
- Logistics investors (with projects over 50 hectares) can lease land without auctions, with accelerated land recovery procedures.

Financial Support

- Hai Phong is allowed to borrow up to 120% of its budget to develop infrastructure.
- The city retains 100% of fees and charges from waterways and ports to reinvest in development.
- Revenue from carbon credits (emissions reduction) will be used to promote green and digital economic growth.

*Decision No. 1142/QĐ-TTg, issued by the Prime Minister on June 13, 2025, on the “**Establishment of the Da Nang Free Trade Zone**”*

This decision, which entered into effect on the signing date, establishes the Da Nang Free Trade Zone (“**Da Nang FTZ**”) with an area of approximately 1,881 hectares divided across Lien Chieu District and Hoa Vang District. The zone is structured into several areas focusing on:

- **Manufacturing and logistics:** High-tech manufacturing, renewable energy, modern logistics.
- **Commerce and services:** Duty-free goods trading, tourism, education, healthcare.
- **Digital technology and innovation:** Development of AI, information technology, and startups.

Key Objectives

- To become a major economic hub with international connectivity via Lien Chieu port and Da Nang airport.
- To attract investments, boost technological advancements, create jobs, and promote economic growth.

Benefits for Investors

- Opportunities to invest in high-tech industries, logistics, commerce, and tourism.
- Access to modern infrastructure and special incentive policies (under Resolution 136/2024/QH15).
- Integration into global supply chains with significant profit potential.

Development Plan

- Da Nang City will invest in infrastructure, attract investors, and clear land for development.
- The government and ministries will assist in policy development to ensure project feasibility.

Incentives in the Da Nang Free Trade Zone

▪ Long-Term Operation Licenses

- Infrastructure developers (e.g. ports, factories) and businesses operating in the zone can have operation terms of 50-70 years, ensuring long-term investment security.

▪ Simplified Procedures for Foreign Companies

- Foreign investors can establish companies without prior investment registration—they follow the same registration process as local companies, reducing the processing time by 1-2 months compared to standard procedures.

▪ Corporate Income Tax Incentives

- All companies enjoy:
 - A 100% CIT exemption for the first four years of taxable income.
 - 50% reduced tax rate for the following nine years (i.e. a 5% CIT rate based on the preferential 10% CIT rate).
 - A preferential 10% CIT rate for the next 15 years (vs. the standard 20%).
 - Example: A company earning VND10 billion/year saves VND2 billion/year in taxes for four years, then pays only VND500 million/year for the next nine years.
- Startups in AI, semiconductors, or innovative sectors receive a 100% CIT exemption for five years.
 - Example: An AI firm making VND2 billion/year saves VND400 million/year for five years.

▪ Import-Export and VAT Incentives

- Goods imported for production or re-export are 100% exempt from import duties and VAT.
- Example: Importing machinery worth VND50 billion saves:
 - VND3.5-5 billion in import duties (7-10% rate).
 - VND5 billion in VAT (10%).

- **Personal Income Tax Incentives**

- Experts and scientists in startups, semiconductors, or AI are 100% exempt from personal income tax for five years.
- Example: An engineer earning VND500 million/year saves VND35-70 million/year in taxes.

- **Land Use Incentives**

- Infrastructure developers can lease land for up to 50-70 years at preferential rates, with:
 - 100% land rent exemption for 11-15 years.
 - 50-55% rent reduction for the next 20 years.
 - Example: For a land rent of VND1 billion/year, a company saves VND11-15 billion in rent over 11-15 years and pays only VND450-500 million/year for the next 20 years.
- Tenants can also enjoy lower land rental prices with similar incentives.

- **Customs Prioritization**

- Companies importing/exporting goods benefit from faster customs clearance, without needing to meet high import-export revenue thresholds (typically US\$100-200 million/year), saving 1-2 weeks in paperwork processing time.

- **Financial Support from the City**

- The city government will invest in road, electricity, and water infrastructure to support companies.
- Semiconductor and AI companies may receive:
 - Support of up to 5% of the cost for equipment purchases or relocation.
 - Example: Buying VND100 billion worth of equipment qualifies for a VND5 billion subsidy.
 - Support for hiring high-level human resources and training in semiconductors and AI (specific support levels will be determined by the city).

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