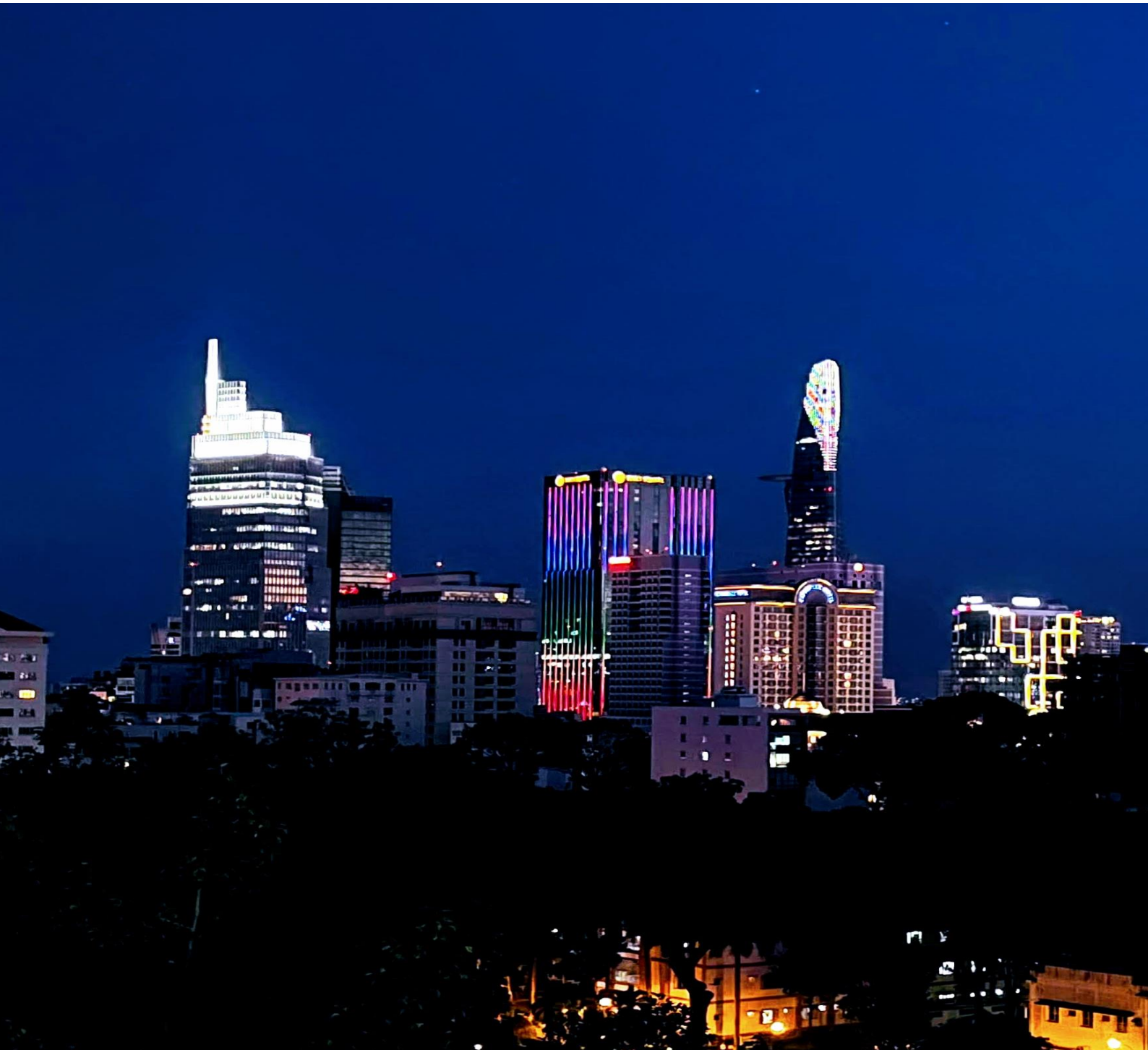


LEGAL UPDATES

November 2021



INVESTMENT

Decision No. 29/2021/QĐ-TTg dated 6 October 2021 of Prime Minister Prescribing Special Investment Incentives (“Decision 29”)

Effective date: 6 October 2021

On 6 October 2021, the Prime Minister issued Decision 29 Prescribing Special Investment Incentives. The main contents of Decision 29 are to clarify level, time and conditions for applying special investment incentives to several investment projects as set out under the 2020 Law on Investment. Notables special investment incentives under Decision 29 are highlighted below.

1. Projects Entitled to Application of Special Investment Incentives

- (i) investment projects for newly establishment (including expansion of such newly established projects) of creative renovation centres, research and development centres with the total investment capital of at least **VND3,000 billion**, in which at least **VND1,000 billion** are disbursed within three years from issuance date of the investment registration certificate or the investment policy approval; or national creative renovation centres established pursuant to the Prime Minister's decisions (the “**Project Group 1**”); and
- (ii) investment projects in special preferential investment industries and trades with the amount of investment capital of at least **VND 30,000 billion**, in which at least **VND 10,000 billion** are disbursed within three years from issuance date of the investment registration certificate or the investment policy approval (the “**Project Group 2**”).

2. Incentives and Corresponding Period of Enjoyment

| No. | Subjects of Application | Incentives | Period of Incentive Enjoyment | Time of Application |
|-----|--|--|--|------------------------------|
| 1. | Economic organisations implementing Project Group 1 | Corporation Income Tax (CIT) exemptions and reductions | CIT exemption for 6 years and 50% tax reduction for the subsequent 12 – 13 years | According to the Law on CIT |
| | | Preferential CIT rates from 5% - 7% | 33 – 37 years | |
| | | Land and water surface rental exemption | Land and water surface rental exemption for 20 – 22 years and 65% – 75% rental reduction for the remaining duration of the investment projects | According to the Law on Land |
| 2. | Economic organisations implementing Project Group 2 | CIT exemption and reduction | CIT exemption for 5 – 6 years and 50% tax reduction for the subsequent 10 – 13 years | According to the Law on CIT |
| | | Preferential CIT rates from 5% - 9% | 30 - 37 years | |
| | | Land and water surface rental exemption | Land and water surface rent exemption for 18 – 22 years and 55% – 75% rent reduction for the remaining duration of the investment projects | According to the Law on Land |

Resolution No. 406/NQ-UBTVQH15 dated 19 October 2021 on Promulgation of Certain Measures for Supporting Enterprises and Residents to Ease Impact of COVID-19 Pandemic (“Resolution 406”)

Effective date: 19 October 2021

On 19 October 2021, the National Assembly Standing Committee has adopted Resolution 406 on promulgating a number of solutions to support businesses and people affected by the Covid-19 epidemic.

Specifically, there are **four groups of supportive solutions**, including:

1. **30% reduction in CIT payable in 2021** for taxpayers whose revenue in 2021 (1) is no more than VND 200 billion; and (2) decreased as compared to revenue in 2019.

The criterion in (2) is *not applied* to taxpayers being newly established, consolidated, merged, divided, split in the tax period of 2020 and 2021.

2. **Exemption of PIT, VAT and other payable taxes** (arising from production and business activities of the months in the third and fourth quarters of 2021) **for households and individuals** having production and business activities in district-level areas affected by the Covid-19 pandemic.

Those tax exemptions *do not apply* to incomes and revenues gained from provision of software products and services; products and services of digital information content on entertainment, video games, digital movies, digital photos, digital music; digital advertising.

3. **VAT reduction from 1 November 2021 to the end of 31 December 2021** for some groups of goods and services, including:
 - (i) transport services (railway transport, water transport, air transport, other road transport); lodging; F&B service; services of travel agencies, tour business operators and support services, services related to the promotion and organisation of tours;
 - (ii) publishing products and services; cinematographic services, television program production, sound recording and music publishing; works of art and services for composing, art, and entertainment; services of libraries, archives, museums and other cultural activities; sports, recreation and entertainment service, excluding publishing software, goods and services produced and traded via *online methods*.
4. **Exemption of late payment interest arising in 2020 and 2021** of tax debts, land use fees, and land rentals for enterprises and organisations (including dependent units, business locations) that incur losses in 2020.

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