

# **FOR HKVCC MEMBERS' REFERENCE ONLY**

**(Provided by the Consulate General of Vietnam in Hong Kong)**

## **I. Tax incentive**

### **1. Corporate income tax (CIT)**

The standard CIT rate: 25%

Preferential rates: 10% and 20% apply to the projects in certain fields of business and/ or geographical locations.

**10% for 15 years:** apply for the projects in the areas with specially difficult socio-economic conditions (List of the areas is the appendix of Decree 124/2008)

**10% for 15 years:** apply for the projects in the fields: high tech; scientific research and technological development, investment in development of water plants, power plants, sea-ports, river-ports, air fields, stations and other specially important infrastructure works as decided by the PM; computer software products

**10% for up to 30 years:** projects which are large scale, with high tech or new tech and which have a special need to attract investment.

**10% for the whole operational period:** Education and training, occupational or vocational training, medical health care, culture, sports and the environment

**20% for 10 years:** Apply for the projects in the areas with difficult socio-economic conditions (List of the areas is the appendix of Decree 124/2008)

**CIT exemptions and reductions (apply for BCC project):** The foreign party/ foreign companies may enjoy exemption between 2-4 years and a 50% reduction in CIT between 4-9 years subsequently.

In summary:

<b>CIT rate</b>	<b>Criteria</b>	<b>Period applicable</b>	<b>CIT exemption</b>	<b>50% CIT reduction when CIT exemption expired</b>
10%	Locations: With specially difficult socio-economic conditions; Economic zones, High Tech Zones	15 years from the first year of revenue generation	4 years	9 years
10%	Sectors: High Technology, Scientific research and technology development, investment in development of specially important infrastructure facilities of the State; production of software products	15 years from the first year of revenue generation (maximum: 30 years)	4 years	9 years
10%	Enterprises operating in the field of socialization (education – training, health care, culture, sports and environment)	Whole operation period	4 years	9 years
20%	Projects in areas of difficult socio-economic conditions	10 years from the first year of revenue generation	2 years	4 years
20%	Agriculture service cooperatives and people' credit fund	Whole operation period	N/A	N/A
25%	Standard rate for all projects except for projects in the fields of oil and gas and precious mineral exploitation (32%-50%)	N/A	N/A	N/A

## **2. Incentives on import tax: exemption from import tax is granted for:**

- Goods temporarily imported, then re-exported, for exhibition purposes if they meet certain requirements
- Goods imported to form fixed assets of projects which are included in encouraged projects in the investment law, including: machinery and equipment, certain means of transportation and construction materials (which cannot be produced in Vietnam; raw materials, spare parts... etc)
- Certain goods imported by BOT enterprises and their contractors for carrying out BOT, BTO, BT projects
- Certain goods imported for oil and gas activities
- Goods (material, semi-finished products) imported for implementing export processing contract with foreign parties... etc

## **II. Incentives on Land Rental:**

Depending on the projects, the Government offers some exemption for 3 years, 7 years, 11 years or 15 years

## **III. Incentives for projects located in Economic Zones**

### **1. CIT:**

10% CIT within first 15 years since the commencement of production 25% afterwards, tax holiday within 4 years since earning profits

10% CIT for high tech projects within maximum 30 years and 50% reduction within 9 years afterwards

10% for socialized projects inside EZ in whole duration of the project

### **2. Other taxes**

Import tax: raw materials and material – not yet domestically produced for manufacturing in IP and EPZ: tax holiday within 5 years

Import tax: Commodities to form fixed assets for all projects in IPs, EPZ and EZs: Tax holiday for the whole duration of the project

Value added Tax (VAT) and Excise Tax: 0%

Personal Income Tax: Experts and employees in EZs get 50% reduction

Besides the above incentives, we have incentives in high- technologies (law on technology), incentives for projects in supporting industries (Decision 12 of PM). It depends on the projects, locations, the investors can apply for the incentives, the Ministry of Finance will process and give them better incentives case by case.