

LEGAL UPDATE

No. 01 – October 2021

(01 Oct 2021 – 15 Oct 2021)



News in focus

Several new regulations on special investment incentives



New legal documents

Remarkable among documents:

The Prime Minister's Resolution 126/NQ-CP in 2021 amending and supplementing Resolution 68/NQ-CP on several policies to support employees and employers facing difficulties due to the COVID-19

A – News in focus



Several new regulations on special investment incentives

(Taking effect from 06 Oct 2021)

On 06 Oct 2021, the Prime Minister enacted Decision 29/2021/QD-TTg stipulating on special investment incentives (*hereinafter referred to as “**Decision 29/2021/QD-TTg**”*), which takes effect from the same date.

In this legal update, we reveal the most highlights of the Decision No. 29/2021/QD-TTg.



Principles for application and adjustment of special investment incentives

1. Be applied to new investment projects and special investment projects.
2. Be regulated in:
 - ✓ Investment Registration Certificate (IRC);
 - ✓ Decision on approval of investment policy or written agreement with the State agency.

3. During the period of receiving special incentives, any economic organization meeting the conditions for actual incentives will continue to receive incentives at that level for the remaining incentive period..

(The remaining incentive period is the incentive period according to the actual incentive conditions minus the corresponding number of years of CIT exemption or reduction, the number of years applying the CIT incentive rate, and the number of years of land and water rent exemption or reduction that have been applied before.)

4. In case of failing to implement the commitments àn conditions for applying special investment incentives:

➤ In case of not having received the special investment incentives
=> not be able to receive anymore.

➤ In case of having declared to receive special investment incentives but actually do not meet the conditions:

- not be able to receive that incentive;
- must declare and pay the amount for the received incentives of the years not meeting the conditions (if any); and the amount of late payment and fines for violations as prescribed.





Payment and time for incentives

CIT:

- Preferential tax rate 9% for 30 years;
- Exempt for 5 years, and discount 50% of CIT for the next 10 years.

Land & water rent: Exempt for 18 years; discount 55% for the remaining time.

For incomes of economic organizations implementing investment projects in preferential business lines:

- ✓ with a capital scale of at least VND 30,000 billion;
- ✓ minimum disbursement of VND 10,000 billion within 3 years from the issuance of IRC/Approval of investment policies.

CIT:

- Preferential tax rate 7% in 33 years;
- Exempt for 6 years, discount 50% of CIT for the next 12 years.

Rent for land and water: Exempt for 20 years; discount 65% for the remaining time.

For incomes from investment projects:

a. New investment projects (including project expansion) innovation centers, research & development centers:

- with a total capital scale of at least VND 3,000 billion;
- minimum disbursement of VND 1,000 billion within 3 years from the issuance of IRC/Decision on approval of investment policies.

b. Investment projects are under point b. Clause 2, Article 20 of the Law on Investment and must satisfy 1 of the following criteria:

- Are the high-tech projects level 1;
- Have Vietnamese enterprises participating in the chain of level 1;
- VAT accounts for more than 30% - 40% of the total cost of the final output products provided by economic organizations;
- Meet the criterion of technology transfer level 1 .

CIT:

- Preferential tax rate 5% in 37 years;
- Exempt for 6 years, discount 50% of CIT for the next 13 years.

Rent for land and water: Exempt for 22 years; discount 75% for the remaining time.

For income from the activities of the objects or investment projects:

- ✓ The National Innovation Center was established under the Prime Minister's decision;
- ✓ Investment projects are under point b. Clause 2, Article 20 of the Law on Investment and must satisfy 1 of the following criteria:
 - Are the high-tech projects level 2;
 - Have Vietnamese enterprises participating in the chain of level 2;
 - VAT accounts for more than 40% of the total cost of the final output products provided by economic organizations;
 - Meet the criterion of technology transfer level 2.

B – New legal documents



Remarkable new legal documents (Enacted from 01 Oct 2021 to 15 Oct 2021)

No.	Legal documents
INVESTMENT	
1	The Minister of Finance's Circular No. 86/2021/TT-BTC guiding Decree No. 147/2020/ND-CP regulating the organization and operation of Local development investment funds
	Enactment date: 06 Oct 2021
2	The Prime Minister's Decision 29/2021/QD-TTg on special investment incentives
	Enactment date: 06 Oct 2021
EXPORT AND IMPORT	
3	The Government's Resolution 124/NQ-CP in 2021 on continuing to extend the storage period of aviation fuel temporarily imported and re-exported
	Enactment date: 06 Oct 2021

No.	Legal documents	
ENTERPRISES		
4	The Minister of Finance's Circular No. 85/2021/TT-BTC guiding the collection and payment of profits and dividends to be distributed to the state capital invested in enterprises	
	Enactment date: 05 Oct 2021	Effective date: 01 Jan 2022
RESOURCES - ENVIRONMENT		
5	The Minister of Natural Resources and Environment's Circular 17/2021/TT-BTNMT on supervision of exploitation and usage of water resources	
	Enactment date: 14 Oct 2021	Effective date: 30 Nov 2021
FINANCE - BANKING		
6	The Minister of Finance's Circular 84/2021/TT-BTC amending Circular 75/2019/TT-BTC stipulating the management and usage of non-business funds from the State budget for implementing agricultural extension activities	
	Enactment date: 04 Oct 2021	Effective date: 20 Nov 2022
LABOR		
7	The Prime Minister's Resolution 126/NQ-CP in 2021 amending and supplementing Resolution 68/NQ-CP on several policies to support employees and employers facing difficulties due to the COVID-19 pandemic	
	Enactment date: 08 Oct 2021	Effective date: 08 Oct 2021
8	The Prime Minister's Decision 28/2021/QD-TTg stipulating the implementation of policies to support employees and employers affected by the COVID-19 pandemic from the Unemployment Insurance Fund	
	Enactment date: 01 Oct 2021	Effective date: 01 Oct 2021

No.	Legal documents	
ADMINISTRATIVE - JUDICIARY		
9	The General Government Inspectorate's Circular 04/2021/TT-TTCP stipulating the process of receiving citizens	
	Enactment date: 01 Oct 2021	Effective date: 15 Nov 2021
10	The General Government Inspectorate's Circular 05/2021/TT-TTCP stipulating the process of handling complaints, denunciations, petitions and reflections	
	Enactment date: 01 Oct 2021	Effective date: 15 Nov 2021
11	The General Government Inspectorate's Circular 06/2021/TT-TTCP stipulating the organization and operation of the inspection team and the order and procedures for conducting an inspection	
	Enactment date: 01 Oct 2021	Effective date: 15 Nov 2021
12	The General Government Inspectorate's Circular 07/2021/TT-TTCP on the authority and contents of inspection and responsibility for implementing the law on inspection, citizen reception, complaints, denunciations and anti-corruption	
	Enactment date: 01 Oct 2021	Effective date: 15 Nov 2021
INFORMATION TECHNOLOGY		
13	Decree 88/2021/ND-CP on collection of fees for granting the right to use radio frequencies, auction, licensing and transfer of the right to use radio frequencies for frequency bands	
	Enactment date: 01 Oct 2021	Effective date: 01 Oct 2021
14	The Minister of Information and Communications' Circular 08/2021/TT-BTTTT stipulating the List of radio equipment exempted from the license to use radio frequencies, and the attached technical and exploiting conditions	
	Enactment date: 14 Oct 2021	Effective date: 28 Nov 2021