

Decree 182/2024/NĐ-CP on Investment Support Fund

Tax Alert | January 2025



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General

This Alert provides updates on the Investment Support Fund ("ISF"), the establishment, management and use of which are guided in details under the Decree No. 182/2024/NĐ-CP dated 31 December 2024 of the Government ("the Decree"). The Decree provides a legal framework for the Government's investment support for enterprises operating in the high-tech sector and enterprises with investment projects in research and development center.

Resolution No. 110/2023/QH15 dated 19 November 2023

On 29 November 2023, the National Assembly passed the Resolution No. 110/2023/QH15, of the sixth session, the XV National Assembly. The National Assembly resolves to assign the Government to formulate a draft decree in 2024 on establishment, management and use of ISF.

Resolution No. 110/2023/QH15 approves on the policies and assign the Government to formulate a draft decree in 2024 on establishment, management and use of ISF which is established using top-up CIT amounts collected under the GloBE and other lawful revenues in order to stabilize investment environment, encourage and attract strategic investors and multinational corporations, and assist domestic enterprises in some fields and sectors in which investment is encouraged, etc.

Decree 182/2024/NĐ-CP dated 31 December 2024

On 31 December 2024, the Government officially issued Decree No. 182/2024/NĐ-CP on the establishment, management and use of the ISF. The Decree is effective from the issuance date, applicable from the financial year 2024.

Government support on expenditure

The Decree specifies 4 support objects with corresponding main conditions

Object	Condition	
I. High-tech enterprises II. Enterprises having investment project in the field of manufacturing hi-tech products III. Enterprises with hi-tech application project	<ul style="list-style-type: none">Having project investment capital of at least VND12,000 billion (*) or project turnover at least VND20,000 billion/year <p>Specific cases:</p> <ul style="list-style-type: none">Enterprises invest in chip industry, semi-conductor integrated circuits, AI data centers: Investment capital of at least VND6,000 billion (*) or turnover of at least VND10,000 billion/yearEnterprises in high tech sectors producing products that belong to the list of breakthrough high-technology products, which are prioritized for research and development as issued by the Prime Minister, are not required to meet the conditions on revenue or capital scale.Microchip design project:<ul style="list-style-type: none">Not be required to meet the conditions on revenue or capital scaleCommit to use at least 300 Vietnamese engineers, managers after 5 years of operation in VietnamSupport Vietnam in training at least 30 high-quality technicians per year in microchip design <ul style="list-style-type: none">Enterprises eligible for support based on revenue conditions must satisfy the revenue conditions in high tech sector in the financial year for which support is requested, and the revenue must be accounted for separately.Enterprises have no overdue tax debts or other debts to the state budget at the time of application submission.	IV. Enterprises with research and development center investment project
		<ul style="list-style-type: none">Project has investment capital of at least VND3,000 billionComplete disbursement of at least VND1,000 billion within three years since the issuance date of Investment Policy Approval Decision, Investor Approval Decision, Investment Registration Certificate or similar legal documents.

Notes:

(*) The Decree provides detailed requirements on the capital contribution schedule applicable for different cases of newly established projects and expansion projects registered before or after the effective date of the Decree. For example:

- A new project established on or after the Decree's effective date must complete the capital disbursement of at least VND12,000 billion within five years or VND10,000 billion within 3 years from the first issuance date of the Investment Policy Approval Decision or Investment Registration Certificate or Investor Approval Decision.
- An existing investment project that registers to increase the investment capital to VND12,000 billion or above on or after the effective date of the Decree:
 - In case the adjusted capital increase is less than VND10,000 billion, the total investment capital of the entire project must be disbursed to reach a minimum of VND10,000 billion within 3 years from the date of adjustment of the Investment Registration Certificate/Investment Policy Approval Decision.
 - In case the adjusted capital increase is VND10,000 billion or more, the total investment capital of the entire project must be disbursed to reach a minimum of VND12,000 billion within 5 years from the date of adjustment of the Investment Registration Certificate/Investment Policy Approval Decision.

Government support on expenditure

- The Decree offers five support forms with detailed criteria. Eligible enterprises can apply for any or all of the following support forms if they meet the detailed criteria.
- The support will be made in cash and not subject to tax.

1. Support expenses on training/development for local workers	
Applicable enterprises	I, II, III, IV
Cost base	Actual expenditure of the project in the applicable fiscal year on training/development for local workers
Level of support	Up to 50%

2. Support expenses on investment in social infrastructure	
Applicable enterprises	I, II, III, IV
Cost base	Actual expenditure of the enterprise in the applicable fiscal year in Investment in social Infrastructure
Level of support	Up to 25%

3. Support expenses on R&D			
Applicable enterprises	I, II, III, IV		
Cost base	Actual expenditure of the project in the applicable fiscal year in R&D		
Level of support	The support is calculated based on the progressive rate and the R&D expense in the applicable fiscal year.		
Level of R&D cost spent (VND billion)			
Support rate (%)			
I, III			
II			
IV			
Up to 120	20	1	10
From 120 to 240	25	5	15
More than 240	30	10	20

4. Support expenses on fixed asset investment		
Applicable enterprises	I, II, III	
Cost base	Actual expenditure of the enterprise in fixed asset investment	
Level of support	<ul style="list-style-type: none"> The annual support is calculated based on the progressive rate and the increase in the historical costs of the fixed asset in the applicable fiscal year but capped at 0.5% of the total registered investment capital. The fixed assets subject to support must be: <ul style="list-style-type: none"> (i) used for high-tech production, application, and business for at least 3 consecutive years following the year the asset is first used; and (ii) not sold, transferred, or conveyed for use by others during the aforementioned 3 consecutive years following the year the asset is first used. 	
Level of the historical costs of the fixed asset increased (VND billion)		
Support rate (%)		
Up to 120	I, III	II
From 120 to 240	8	1
More than 240	9	2
	10	3

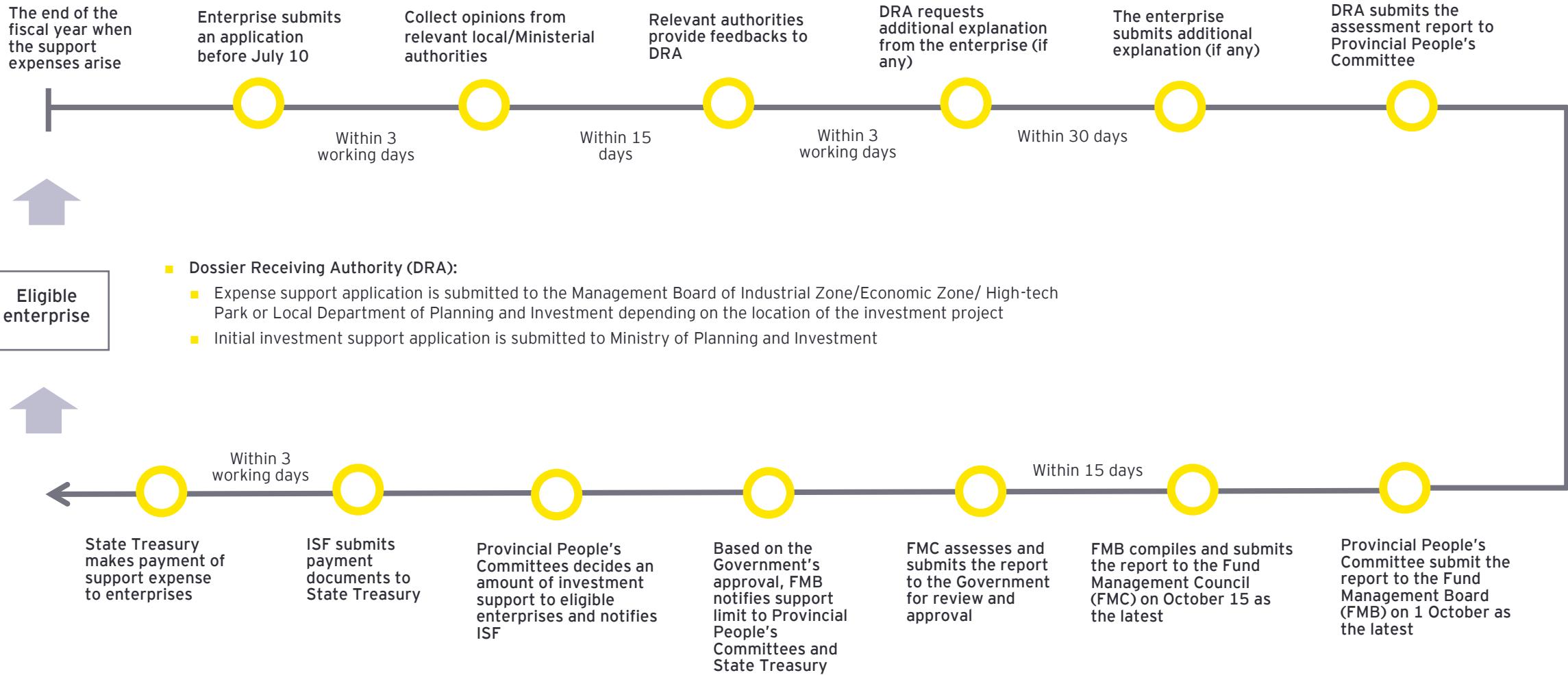
5. Support expenses on manufacturing of high-tech products											
Applicable enterprises	I, II, III										
Cost base	The support is calculated based on the support rate and the added manufacturing value of high-tech products										
Level of support	<table border="1"> <thead> <tr> <th colspan="2">Support rate (%)</th></tr> <tr> <th colspan="2">I, III</th></tr> </thead> <tbody> <tr> <td colspan="2"> <ul style="list-style-type: none"> 1%; or A maximum of 3% if being enterprises producing chips, semi-conductor integrated circuits, AI data centers; or A maximum of 3% if satisfy all conditions below: <ul style="list-style-type: none"> Minimum revenue of VND200 trillion; and Minimum workforce of 10,000 people; and The added manufacturing value ratio of high-tech products is 30% or above. </td></tr> <tr> <td colspan="2"> <ul style="list-style-type: none"> 0.5%; or 1% if satisfy all conditions below: <ul style="list-style-type: none"> Minimum revenue of VND200 trillion; minimum workforce of 10,000 people; and The added manufacturing value ratio of high-tech products is 30% or above. </td></tr> <tr> <td colspan="2"> <ul style="list-style-type: none"> The added manufacturing value of high-tech products is the value determined by the total cost of goods sold of all high-tech products sold (excluding royalties fees, technology transfer fees payable to foreign parties) minus the value of imported raw materials from abroad (excluding the value of raw materials supplied by export processing enterprises or non-tariff organizations) in a fiscal year. The ratio of the added manufacturing value of high-tech products is the ratio determined by the added manufacturing value of high-tech products to cost of goods sold of all high-tech products. </td></tr> </tbody> </table>	Support rate (%)		I, III		<ul style="list-style-type: none"> 1%; or A maximum of 3% if being enterprises producing chips, semi-conductor integrated circuits, AI data centers; or A maximum of 3% if satisfy all conditions below: <ul style="list-style-type: none"> Minimum revenue of VND200 trillion; and Minimum workforce of 10,000 people; and The added manufacturing value ratio of high-tech products is 30% or above. 		<ul style="list-style-type: none"> 0.5%; or 1% if satisfy all conditions below: <ul style="list-style-type: none"> Minimum revenue of VND200 trillion; minimum workforce of 10,000 people; and The added manufacturing value ratio of high-tech products is 30% or above. 		<ul style="list-style-type: none"> The added manufacturing value of high-tech products is the value determined by the total cost of goods sold of all high-tech products sold (excluding royalties fees, technology transfer fees payable to foreign parties) minus the value of imported raw materials from abroad (excluding the value of raw materials supplied by export processing enterprises or non-tariff organizations) in a fiscal year. The ratio of the added manufacturing value of high-tech products is the ratio determined by the added manufacturing value of high-tech products to cost of goods sold of all high-tech products. 	
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Government support on initial investment cost

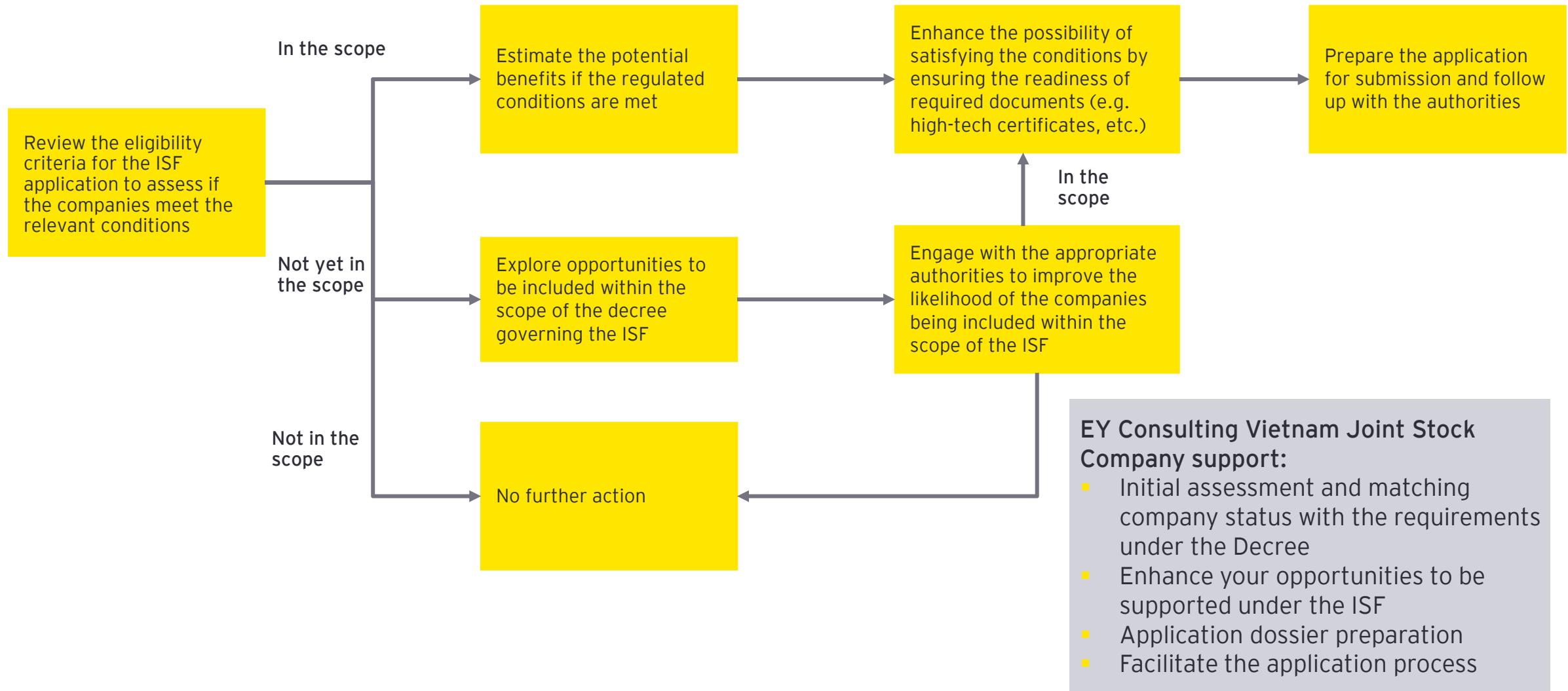
Support on initial investment cost	
Applicable enterprises	Enterprise with an investment project in research and development center in the fields of semiconductor industry and artificial intelligence.
Cost base	The support is calculated based on the project's initial investment cost
Level of support	Up to 50%
Conditions	<ul style="list-style-type: none">▪ The enterprise has no overdue tax debts or state budget debts at the time of submitting dossier;▪ Meet the following conditions:<ul style="list-style-type: none">▪ The enterprise's research and development center is established and registered to operate as a science and technology organization in accordance with the law on science and technology;▪ The R&D center is conducting R&D activities to create high technology on the List of high technologies prioritized for investment and development, to create high-tech products on the List of high-tech products encouraged for development promulgated by the Prime Minister's Decision;▪ The project of R&D center has a minimum investment capital of VND3,000 billion, and must complete the disbursement of at least VND1,000 billion within 03 years from the date of issuance of Investor Approval/ Investment Registration Certificate/Investment Policy Approval/similar legal documents.▪ The project on R&D center has a positive impact on the innovation ecosystem and the development of new technologies and new breakthrough products of the country.

ISF

Dossier application process



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