

Decree No. 205/2025/NĐ-CP amending and supplementing a number of articles of Decree No. 111/2015/NĐ-CP on the development of supporting industries

On 14 July 2025, the Government issued Decree No. 205/2025/NĐ-CP (Decree 205), amending and supplementing a number of articles of Decree No. 111/2015/NĐ-CP dated 3 November 2015 on the development of supporting industries (Decree 111). Decree 205 will take effect from 1 September 2025.

Below are some notable new contents of Decree 205 concerning incentive policies for supporting industries:

1. Amendment of the definition of supporting industries

Decree 205 clarifies that, in addition to manufacturing activities, processing activities are also included in the definition of the supporting industries. At the same time, the Decree also adds auxiliary materials to the subjects of the supporting industries. Specifically: *"Supporting industries are industries that manufacture, process raw materials, auxiliary materials, materials, components, and spare parts to supply for the production of finished products"*.

2. Amendment of the definition of incentive subjects

Under Decree 111, the incentives subjects are: *"Projects manufacturing supporting industrial products which belong to the list of supporting industrial products prioritized for development: Including new investment projects, expansion projects and technology innovation projects that apply new equipment, new production processes and achieve a production capacity increase of at least 20%"*. This definition has caused some different interpretations regarding the subjects and conditions applicable to expansion projects.

Decree 205 amends and clarifies that the incentive subjects are *"Investment projects manufacturing products which belong to the List of supporting industrial products prioritized for development in Appendix I or Appendix II attached to this Decree"*. Accordingly, the incentive subjects include both new projects and expansion projects.

3. Supplementation of conditions for incentives entitlement:

Decree 205 stipulates that a project will be considered for an incentive confirmation if it meets the following conditions:

- i. The project's products belong to the List of supporting industrial products prioritized for development listed in Appendix I or Appendix II attached to this Decree. In cases where the products belong to Appendix II, they must have a certificate of conformity with European Union's technical standards (standards issued by the European Committee for Standardization - CEN) or the equivalent. (We attach a comparison table of the List of supporting industrial product prioritized for development under Appendix I of Decree 205 and Appendix of Decree 111 for your reference)
- ii. The project's technological lines, machinery, and equipment systems are suitable for manufacturing supporting industrial products to enhance the added value of the products. The supporting industrial products go through production stages that align with the design of the technological line and the production process, which include stages (mechanical, electrochemical, chemical, thermal, etc.) which ensure a physical or mechanical transformation from raw materials, materials, and other substances to form final products.
- iii. The project is qualified to commence production activities.
- iv. The project has at least one small and medium-sized enterprise that is manufacturing and supplying main raw materials, materials, or components and spare parts to serve the production of supporting industrial products for which the project requests for the incentive confirmation.

Most of the above conditions, in practice, had already been considered during the appraisal of application for incentive confirmation under the old regulations. However, condition (iv) regarding the supplier of raw materials, materials, and components is a newly added condition and is expected to be a significant change aimed at promoting the participation of small and medium-sized enterprises in the supply chain.

4. Authority to issue incentive confirmation

Decree 205 clearly delineates the authority to issue incentive confirmations. Accordingly, the provincial People's Committee grants incentive confirmation for investment projects of small and medium-sized enterprises which produce supporting industrial products in the List of the supporting industrial products prioritized for development, replacing the previous option that allowed these enterprises to choose between submitting their applications to the competent local authority where the project is located or to the Ministry of Industry and Trade. The Ministry of Industry and Trade still retains the authority to issue incentive confirmations for all other enterprises.

5. Supplementation of procedures for amending incentive confirmation

Decree 205 stipulates the dossier and the procedure for amending incentive confirmation in cases where there are changes to the content stated in the issued incentive confirmation. This procedure was not previously regulated, causing some difficulties in the application in practice.

6. Regulations on post-inspection of incentives

According to Decree 205, the Ministry of Industry and Trade presides over and coordinates with relevant ministries, sectors, and agencies to inspect projects entitled to incentives nationwide; the provincial People's Committees preside over and coordinate with relevant ministries and sectors to inspect projects entitled to incentives in the locality. Inspections will be conducted according to periodic state management requirements (every two years) or upon sudden requests.

7. Supplementation of regulations on withdrawal of incentive confirmation and reissuance of incentive confirmation

Decree 205 adds cases of withdrawal of incentive confirmation, and the procedure for reissuing the incentive confirmation in case the incentive confirmation is lost or damaged.

If your company has product(s) belonging to the attached list of supporting industrial products, please do not hesitate to contact EY for further support on this matter if needed.

Appendix I of Decree 205/2025/NĐ-CP issued on 14 July 2025

I. Textile and garment industry

- Fibers, yarns, fabrics, threads
- Chemicals and dyes used in the production of fibers, yarns, textiles, dyeing, finishing, printing, embroidery, washing
- Raw materials, auxiliary materials and accessories of the textile and garment industry: plastic beads, buttons, hooks, pins, eyelets, rivets, oze, mex, ribbons, zippers of all kinds and constituent details, woven tapes, rubber tapes, rubber bands, adhesive sandbands, labels, polyester wires, parachute cords, belts, feathers, decorative accessories
- Supporting industrial products of the following stages: weaving, dyeing, finishing, printing, embroidery, washing

II. Leather and footwear industry

- Salt skin, leather, faux leather, thread
- Shoe soles, shoe caps, shoe toes, shoe uppers, shoelaces, shoe insoles
- Tanning chemicals, dyeing chemicals
- Raw materials, auxiliary materials and accessories for the leather and footwear industry: plastic and rubber beads for the Leather and Footwear industry; foam (EVA, PU) for shoe insole; shoe glue; shoe tape (velcro); decorative accessories; zippers of all kinds and constituent details; locks, eyelets, hooks; nonwoven fabric (mex - used as an inner lining); cardboard (used as an inner sole); all kinds of fiber materials and pressed fiber materials; synthetic plastic materials (PPE, PTFE); rubber and plastic liners; airbags; steel braces, steel pipes; shoe nails of all kinds

Appendix of Decree 111/2015/NĐ-CP issued on 3 November 2015

I. Textile and garment industry

- Natural fiber: cotton, silk, jute, hemp fiber
- Synthetic fiber: PE, viscose
- Knitting yarn, woven yarn, polyester high tenacity yarn, nylon high tenacity yarn, spandex yarn
- Fabric: technical fabric, non-woven and woven fabric, knitted fabric
- Sewing threads for textile and garment;
- Chemicals, auxiliary chemicals, fabric; dyes
- Accessories: buttons, zippers, mex

II. Footwear and leather industry

- Leather
- Leatherette
- Shoe soles, shoelace, toe shoe
- Chemicals used in leather tanning
- Salty leather
- Sewing thread for shoe
- Shoe goo, decorative accessories, etc.

- Mold (form) for the leather and footwear industry

III. Electronics industry

- Basic electronic-optoelectronic components: transistors, integrated circuits, sensors, resistors, capacitors, diodes, antennas, thyristors, inductors, printed circuit boards
- Electronic circuits
- Materials for manufacturing electronic components: semiconductor; hard magnetic materials, soft magnetic materials; active insulators; metal; technical ceramics for the electrical and electronic industries
- Electronic components and parts made from: quartz, plastic, rubber, glass, metal-alloy, hard magnetic materials, soft magnetic materials, semiconductors, positive insulators, technical ceramics
- Components of computers, tablets, mobile phones, smart watches: Batteries, battery chargers; camera module; motors; DLC signal transmission cable (wire produced in Vietnam); connectors; LED lights; headphones, headphone charging cases; speakers, sound transceivers; frames, shells
- High-resolution screen

IV. Automobile manufacturing and assembling industry

- Internal combustion engine and internal combustion engine parts: body, pistons, crankshafts, transmission rods, gears, cylinders, cylinder head assemblies, camshafts, piston ring, engine valves; belts
- Electric engine and electric engine parts; power transformers and electrical transformer control accessories
- Engine control software, control system, and parts and components of the automobile control system
- Products and components of the lubrication system: oil filters; cooler; radiator; oil pump; all kinds of valves

III. Electronics industry

- Basic electronics-optoelectronics components; transistors, integrated circuits, sensors, resistors, capacitors, diodes, antennas, thyristor
- Quartz components
- IC
- Material used for manufacturing electronic components, semi-conductors, hard magnetic materials, active insulators;
- Electronic products components; plastic components, rubber components, glass components and mechanical-electronic components
- Laptop battery and cell phone battery
- Wires, cables, LED light bulbs, headphones and speakers
- Cell phone battery chargers
- Screens

IV. Automobile industry

- Engine and engine components: piston, crankshaft, transmission rod, gear, exhaust, cylinder, cylinder head assembly kits, camshaft, rings, engine valves
- Lubrication system: oil filters, coolers, radiators, oil pumps and valves
- Cooling system: radiators, thermostat valves, water pumps, air cooling fans
- Fuel supply system: fuel tanks, fuel filter
- Frame - hull - door: punch - late-shaped components, trunk, chassis, doors, doorstep
- Suspension system: tweezers, springs, dampers
- Wheels: tires, aluminum rims

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- Products and components of the cooling system: radiators; water tank; air fans; thermostatic valves; water pump; air conditioner compressors, air conditioner refrigeration equipment
- Products and components of the fuel supply system: fuel tanks; fuel filters; air filters; fuel pump pipes; carburetors; fuel injection system
- Products and components of the transmission system: clutch; gearbox; axles; propeller shaft
- Systems and components of systems: Steering system; brake system; automobile exhaust gas treatment system; mirror system; windshield; car seats; airbags; seat belts
- Products and product components of suspension systems
- Frame, body, doors, underbase: details in the form of punched plates; chassis; vehicle door assembly; cabin
- Wheels: tires; wheel rims, tire lining fabrics
- Products and components of lighting and signal systems: lamps; whistle; antenna; GPS navigation devices; meters of all kinds
- Electrical and electronic components:
 - Power source: generator; battery; energy converters; electric chargers - electric jacks
 - Ignition device: spark plug; high voltage transformer e; transformers
 - Starter relay; starter electric motor
 - Connectors, fuses; cameras, camera modules; sensors of all kinds; in-car control screen
- Rubber and plastic components
- Damping materials
- Charging stations and components of car charging stations

V. Mechanical engineering

- Molds, fixtures: Stamping molds; metal casting molds; processing fixtures; assembling fixtures; testing fixtures

**Appendix of Decree 111/2015/NĐ-CP
issued on 3 November 2015**

- Transmission system: clutch, gearbox, axles, propeller shaft
- Driving system
- Braking system
- Electric - electronic components
- Power supply: generators, accumulators
- Ignition system: spark plug, high voltage transformer
 - Starter relay, electric starter
 - Wires, connectors, fuses, sensors, automatic control devices, processors
- Lighting system and signals: indicators, horns, gauges
- Automobile exhaust treatment system
- Plastic components
- Rubber components, buffering material
- Windshields, wiper blades, seats

V. Mechanical fabrication sector

- Molds, fixtures: processing fixtures, testing fixtures, stamping molds, casting molds

**Appendix I of Decree 205/2025/NĐ-CP
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- Tools - cutting knives: knife mounting head; lathes; milling knives; knife tip; drill bits; tap; lace table; tap wrench
- Welding and cutting materials: welding wire; welding powder; cutting wire (processed by the spark method); non-molten electrodes
- Components and spare parts of machines and equipment: mechanical processing machines; welding machine; plastic and rubber injection molding machines; surface polishing machines, forming details, increasing surface quality, drying and firing to improve the mechanical, physical and chemical properties of metal components; power machine; agricultural machinery; forestry machinery; fishery machinery; machines for the textile and garment industry; machines for the leather and footwear industry; electrical equipment, high-voltage electrical equipment; energy storage equipment; equipment for measuring, inspecting, cleaning and maintaining electronic and mechanical components
- Components and spare parts of machinery, equipment for manufacturing and assembling railway vehicles: locomotives, wagons
- Railway spare parts: rails, turnout, link fittings, traction power supply systems
- Machine details: high strength bolts, high strength screws, ball bearings, silver lining, gears, valves, joints of all kinds, machine body, machine case, punching details, variable speed box, hydraulic cylinder
- Fabricated steel; tool steel; special alloys with high strength; materials of technical ceramics for the machine manufacturing industry; metal powder for machine making industry
- Products, semi-finished products from: metal casting by flow mold, plastic sand molding, metal mold and molding under pressure; forging and pressure machining; heat treatment to improve product quality; high-tech welding; metal cutting and processing of non-metallic materials and surface treatment products

**Appendix of Decree 111/2015/NĐ-CP
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- Tools - cutters: drill, turning cutters, milling cutters
- Mechanical processing components and accessories, welders
- Components and accessories of shipping building, agricultural machines and driving machines
- Components, equipment and accessories for processing agriculture, forestry, aquaculture and salt
- Measurement devices: rulers, 3D - coordinate measuring machines, metal analyzers, ultrasonic welding machines
- Other machine components: high-strength bolts, high tensile fasteners, bearings, silver lining, valves, joints, punch plates, variable speed boxes, hydraulic cylinders
- Fabricated steel

VI. Supporting industrial products for high-tech industry

- Mold types: Advanced molds with high technical features, precision and quality, plastic molds with high precision
- High-quality standard mechanical parts and assemblies for electronic equipment, mechatronic equipment, micro-mechatronic equipment, medical electronic equipment, industrial robots, machine tools, new generation high-precision numerical control (CNC) equipment
- Electronic components, optoelectronics and electronic microchips for the development of smart and new-generation devices: peripherals, mobile phones, computers, specialized digital cameras, new-generation camera modules, new-generation smart terminals; microprocessor chips; controllers
- Assemblies of components and spare parts for the system of equipment to generate electricity from new and renewable energy; solar cells; fuel cells; batteries, lithium battery packs with high performance, large capacity, long life; high-performance photovoltaic (PV) panels
- High-quality plastic parts: precision actuators, high-strength and long-life, heat-resistant and wear-resistant plastic parts
- Types of sensors: gas sensors, accelerometers, magnetic field sensors; biological sensors, temperature sensors, humidity sensors, light sensors, pressure sensors
- New generation motors: electric motors, magnetic drive motors, servo motors (stepper motors), resistance magnetic motors, linear motors
- Advanced, high-precision execution structures; automatic controllers, monitors and diagnostics

VI. Supporting products used in hi-tech industry

- Types of mold: high precision molds, high precision mold for plastic casting
- High standard mechanical parts: types of nuts, bolts, screws and high - precision equipment used in electronics, mechanical electronic parts, medical electronics, industrial robots
- Types of electronic components, electronic circuits used for creating equipment : Peripheral equipment, computers, electronic appliances, audiovisual equipment, solar cells; microprocessors; controllers (programmable logic controllers PLC, CNC, etc.)
- Components and accessories used for new power generator and renewable generator
- High quality plastic components: high precision drive train, durable, heat-resistant and wear-resistant plastic components
- Types of sensors: air sensor, acceleration sensors, magnetic sensors, biological sensors, temperature sensors, moisture sensors, light sensors, pressure sensors
- New generation engines: electric motors, magnetic motors, servo motors, reluctance motors, linear motors

- Components, assemblies and train running systems for urban railways and national railways
- Components, assemblies of components, spare parts of satellites, aerospace, flight equipment, flight control systems, global positioning systems, advanced robots
- Advanced, new generation materials: Pure metals; special alloys with high strength; metal aluminum produced by electrolysis technology with a current of 500 kA; materials for manufacturing electronic components and smart sensors; semiconductor materials; optoelectronics; advanced magnetic materials; advanced 3D printing materials; ultra-flexible, ultra-durable, ultra-light materials of environmentally friendly origin; materials of technical ceramics for the electrical, electronic and machine manufacturing industries; high-performance yarn, special glass fiber, carbon yarn; high-grade technical rubber materials, specialized synthetic rubber for the machinery, electrical and electronic industries; high-quality, environmentally friendly specialized paints for the mechanical, automotive, electrical, and electronics manufacturing industries



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Contacts

Hanoi Office



Huong Vu | General Director

EY Consulting Vietnam Joint Stock Company

huong.vu@vn.ey.com



Trang Pham | Senior Partner

Ernst & Young Vietnam Limited

trang.pham@vn.ey.com

Ho Chi Minh City Office



Robert King | EY Vietnam, Laos, Cambodia Tax Leader

EY Consulting Vietnam Joint Stock Company

robert.m.king@vn.ey.com



Thinh Xuan Than | Senior Partner

EY Consulting Vietnam Joint Stock Company

thinh.xuan.than@vn.ey.com

Japanese Business Services (JBS)



Takahisa Onose | EY Vietnam, Laos, Cambodia JBS Leader
Ernst & Young Vietnam Limited
takahisa.onose@vn.ey.com



Takaaki Nishikawa | Director
Ernst & Young Vietnam Limited
takaaki.nishikawa@vn.ey.com

Korean Business Services (KBS)



Binh Thanh Phan | EY Vietnam, Laos, Cambodia KBS Leader
EY Consulting Vietnam Joint Stock Company
binh.thanh.phan@vn.ey.com



Kyung Hoon Han | Director
Ernst & Young Vietnam Limited
kyung.hoon.han@vn.ey.com



Dong Ho Park | Assistant Director
Ernst & Young Vietnam Limited
dongho.park@vn.ey.com

Chinese Business Services (CBS)



Truong Duc Le | EY Vietnam, Laos, Cambodia CBS Leader
Ernst & Young Vietnam Limited
truong.duc.le@vn.ey.com



Owen Tsao | Director
Ernst & Young Vietnam Limited
owen.tsao@vn.ey.com



Trinh Kiet Luong | Assistant Director
Ernst & Young Vietnam Limited
trinh.kiet.luong@vn.ey.com

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