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**Tax Alert**

January 2026

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# **Update on certain provisions regarding tax incentives for high-tech activities and activities related to the development of strategic technologies under the Law on High Technology**

On 10 December 2025, the 15<sup>th</sup> National Assembly passed Law No. 133/2025/QH15 on High Technology (High-Tech Law 2025), replacing Law No. 21/2008/QH12 on High Technology (High-Tech Law 2008) and its amendments and supplements.

The promulgation of the High-Tech Law 2025 aims to improve the institutional framework and create a comprehensive legal corridor for the development of high technology, as directed by the Politburo and the Government in their guiding documents. The High-Tech Law 2025 reflects Vietnam's determination to innovate its growth model based on science, technology, and innovation. This Law takes effect from 1 July 2026.

We would like to provide an update on several new regulations regarding tax incentives for high-tech activities and activities related to the development of strategic technologies under the High-Tech Law 2025.

## 1. High technology activities

### 1.1. Some key definitions (Article 3)

- **High technology** means technology with a high content of scientific research and technological development, integrating advanced scientific achievements, possessing breakthrough characteristics, creating products and services of superior quality, high added value and environmental friendliness.
- **High-tech product** means a product or service created by high technology, possessing superior quality and features, high added value and environmental friendliness.
- **Enterprise producing high-tech products** means an enterprise engaged in the production of high-tech products or the provision of high-tech services.
- **High-tech enterprise** means an enterprise that produces high-tech products, provides high-tech services, and conducts research and development activities in technology and high-tech products.

### 1.2. Criteria for determining high technology prioritized for investment and development (Article 5)

High technology prioritized for investment and development means high technology that meets the following criteria:

- Plays an important role in achieving national development objectives, improving total factor productivity, transforming the growth model; ensuring national defense and security
- Conforms to the orientation for national science, technology, and innovation development and is suitable to Vietnam's practical conditions
- Capable of being researched, mastered, improved, or localized by domestic organizations or individuals, or serves as a foundation for forming new manufacturing industries, new value chains, new services with potential for international competitiveness, or capable of attracting investment accompanied by technology transfer, or contributes to socio-economic development in areas with particularly difficult conditions

**Issuance of the list:** The Prime Minister shall promulgate and update the **list of high technologies prioritized for investment and development** in accordance with the socio-economic development situation of each period.

### 1.3. Criteria for determining high-tech products encouraged for development (Article 6)

High-tech products encouraged for development must meet the following criteria:

- Created from one or more technologies included in the List of high technologies prioritized for investment and development
- Have a high proportion of added value in the product's value structure
- Capable of being exported or substituting imported products

**Issuance of the list:** The Prime Minister shall promulgate and update the **list of high-tech products encouraged for development** in accordance with the socio-economic development situation of each period.

#### **1.4. High-tech research and development center (Article 11 and Article 25)**

**Criteria:** High-tech research and development center must meet the criteria for research and development centers as prescribed by the law on science, technology, and innovation and the following criteria:

- Technologies and products researched and developed at the center are included in the List of high technologies prioritized for investment and development and the List of high-tech products encouraged for development
- Criteria regarding highly qualified personnel; the proportion of expenditure on research and development activities; facilities, technical infrastructure, and quality management systems in accordance with national technical regulations; in cases where Vietnam's standards and technical regulations are not available, regional or foreign standards appropriate to each field of activity shall apply
- Compliance with regulations on national defense, security, and environmental protection

**Incentives and supports:** High-tech research and development center shall be entitled to the following incentives:

- Corporate income tax (CIT) rate of 10% for 25 years
- Tax exemption for four years and a 50% reduction of payable tax for the subsequent nine years.

**Recognition procedures:** The procedures for recognition of a high-tech research and development center shall be carried out in accordance with the law on science, technology, and innovation.

#### **1.5. Enterprise producing high-tech products (Article 15 and Article 25)**

**Criteria:** Enterprise producing high-tech products is an enterprise that meets the following criteria:

- Produces high-tech products or provides services that meet the prescribed criteria and are included in the List of high-tech products encouraged for development promulgated by the Prime Minister
- Applies environmentally friendly measures, energy-saving practices, and quality management systems that comply with Vietnam's standards and technical regulations; in cases where Vietnam's standards and technical regulations are not available, regional or foreign standards shall apply

**Incentives:** Enterprise producing high-tech products shall be entitled to the following incentives:

- CIT rate of 17% for 10 years
- Tax exemption for two years and a 50% reduction of payable tax for the subsequent four years

**Registration and confirmation procedures:** The Government shall provide detailed regulations.

#### **1.6. High-tech enterprise (Article 15 and Article 25)**

**Criteria:** High-tech enterprise is an enterprise that meets the prescribed criteria for an enterprise producing high-tech products and simultaneously meets the following criteria:

- Is an enterprise producing high-tech products
- Owns, co-owns, or has lawful rights to use technology, or engages in technology transfer activities in accordance with the law for the development and application of high technology, and for the production of high-tech products or services

- Meets criteria regarding revenue, research and development expenditure in Vietnam, and personnel directly engaged in research and development

**High-tech enterprises classification:**

- Group 1 high-tech enterprise is a high-tech enterprise that meets one of the following criteria:
  - Conducts research and development activities in high technology and high-tech products
  - Produces high-tech products achieving the minimum localization rate as prescribed by the Government for each sector and field; and ensures that the total annual expenditure on research and development activities in Vietnam reaches at least 1% of net revenue after deducting input value
- Group 2 high-tech enterprise: Other high-tech enterprises.

**Incentives:**

- Group 1 high-tech enterprise:
  - CIT rate of 10% for 25 years
  - Tax exemption for four years and a 50% reduction of payable tax for the subsequent nine years
- Group 2 high-tech enterprise:
  - CIT rate of 10% for 15 years
  - Tax exemption for four years and a 50% reduction of payable tax for the subsequent nine years

**Confirmation procedures:** The Government shall provide detailed regulations.

## 2. Strategic technology

### 2.1. Some key definitions (Article 3)

- **Strategic technology** refers to breakthrough and pervasive technologies identified by the State for focused investment and development, aimed at enhancing technological autonomy, creating national competitive advantages, ensuring national defense and security, and promoting sustainable socio-economic development.
- **Strategic technology products** are products or services derived from strategic technologies that have the potential to create breakthroughs, dominate value chains and markets, or play a particularly important role in national defense, security, and technological autonomy.
- **Strategic technology enterprises** are enterprises that manufacture strategic technology products, provide strategic technology services, and engage in research and development activities related to strategic technologies and products.

### 2.2. Criteria for determining strategic technologies (Article 5)

Strategic technologies are those that meet the following criteria:

- Play an important role in achieving national development goals, improving total factor productivity, transforming the growth model, and ensuring national defense and security
- Align with the national orientation for science, technology, and innovation development and are suitable for Vietnam's practical conditions
- Satisfy one or more of the following criteria:

- Have a breakthrough impact on socio-economic development
- Create long-term national competitive advantages
- Have the potential to establish new production methods, new industries, and new value chains
- Can be developed from core technologies researched and mastered by domestic organizations or individuals to create strategic technology products

**Issuance of the list:** The Ministry of Science and Technology shall submit to the Prime Minister for promulgation and periodic updates of **list of strategic technologies** in accordance with the socio-economic development context of each period.

### 2.3. Criteria for determining strategic technology products (Article 6)

Strategic technology products must meet the following criteria:

- Have a high proportion of added value in the product's value structure
- Have the potential for export or to replace imported products
- Are created from one or more technologies listed in the strategic technology catalog
- Have a breakthrough impact on socio-economic development or play an important role in national defense and security
- Create long-term national competitive advantages

**Issuance of the list:** The Ministry of Science and Technology shall submit to the Prime Minister for promulgation and periodic updates of the **list of strategic technology products** in accordance with the socio-economic development context of each period.

### 2.4. Center for Strategic Technology Research and Development (Article 12 and Article 25)

**Criteria:** A Center for Strategic Technology Research and Development must meet the general criteria for research and development centers as prescribed by laws on science, technology, and innovation, as well as the following specific criteria:

- Technologies and products researched and developed at the center must be included in the list of strategic technologies and the list of strategic technology products.
- Meet requirements regarding highly qualified personnel; the proportion of expenditure on research and development activities; facilities, technical infrastructure, and quality management systems in accordance with national technical regulations. In cases where Vietnam has no applicable standards or technical regulations, regional or international standards suitable for each field of activity shall apply.
- Comply with regulations on national defense, security, and environmental protection.

**Incentives and support:** Centers for strategic technology research and development are entitled to the following incentives:

- CIT rate of 10% for 25 years
- Tax exemption for four years and a 50% reduction in payable tax for the following nine years

**Recognition procedures:** The recognition procedure for a Center for Strategic Technology Research and Development shall be carried out in accordance with laws on science, technology, and innovation.

### 2.5. Strategic technology enterprises (Article 15 and Article 25)

**Criteria:** A strategic technology enterprise must meet the following criteria:

- Manufacture strategic technology products or provide strategic technology services that comply with regulations and are included in the list of strategic technology products issued by the Prime Minister.
- Have a domestic investor's capital contribution or shareholding ratio of 51% or more, except for special cases approved by the Prime Minister to attract critical strategic technologies.
- Own or co-own strategic technologies or core technologies used for producing strategic technology products in Vietnam.
- Meet requirements regarding revenue, research & development (R&D) expenditure, localization rate, and direct R&D workforce.

**Incentives:**

- CIT rate of 10% for 25 years.
- Tax exemption for four years and a 50% reduction in payable tax for the following nine years

**Recognition procedures:** Detailed procedures shall be stipulated by the Government.

### 3. Other incentives

**Research and development activities in high technology and strategic technology (Articles 11 and Article 12)**

- **Criteria for research and development activities in high technology prioritized for investment include:**
  - Research and innovation in high technology and core technologies
  - Research on decoding, mastering, and improving high technology
  - Research on application, testing, and refinement of high technology
- **Criteria for research and development activities in strategic technology include:**
  - Research on decoding, mastering, improving, and refining strategic technology
  - Research on application and testing of strategic technology
- **Incentives:**
  - Deduction of sponsorship expenses and expenses for research and development activities in high technology/strategic technology in accordance with the provisions of the CIT Law.
  - Personal income tax exemption for a period of five years for income from salaries and wages of individuals who are high-tech personnel engaged in research and development activities in high technology or strategic technology listed in the priority high technology investment list or the strategic technology and strategic technology products list in accordance with the provisions of the law on high technology

### 4. Effective date and transitional provisions

- The High-Tech Law 2025 shall take effect from 1 July 2026.
- Certificates issued under the provisions of the High-Tech Law 2008 that remain valid after the effective date of this Law shall continue to be valid until their stated expiration date.

### 5. EY recommendations and support

- The High-Tech Law 2025 does not yet provide specific regulations on the lists of products and technologies, nor detailed criteria for each category of High-Tech Enterprises, Strategic Technology Enterprises, and Enterprises producing high-tech products. Therefore, companies will need to continue monitoring the development of these lists and detailed criteria. EY will keep track of these developments and provide necessary updates.
- The High-Tech Law 2025 does not stipulate the continued issuance of certificates for high-tech activities. The Government will issue detailed regulations on registration and recognition procedures under a post-audit process. Enterprises should proactively assess their eligibility to meet the criteria for incentives, maintain complete documentation, and ensure compliance for incentive application. EY can assist in evaluating incentive opportunities, reviewing compliance with eligibility criteria, and advising the preparation of supporting documentation to demonstrate compliance.



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APAC No. 16210101

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