

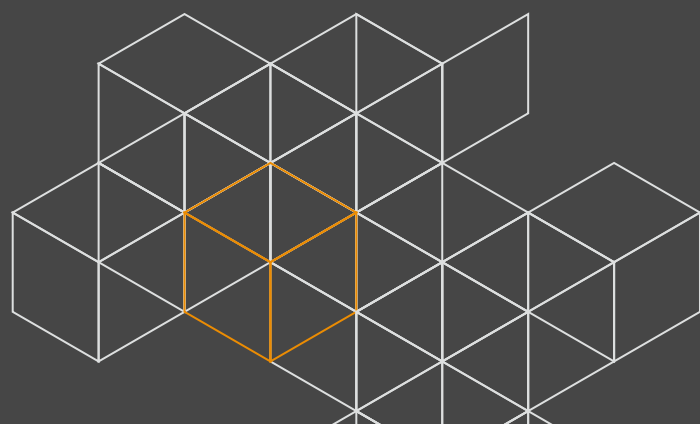


# PwC Vietnam NewsBrief

Draft decree on Investment support fund in Vietnam



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# At a glance..

In May 2024, the Ministry of Planning and Investment (“MPI”) released a draft decree on the establishment of an investment support fund for public comment.

Taxpayers that qualify requirements in terms of revenue or investment capital can have access to grant support from the fund. The fund is proposed to be operational in 2024 and available to taxpayers’ financial years that start on or after 1 Jan 2024.



# Details...

With a view to maintaining attractiveness to foreign investors as well as to encourage investments in certain sectors, the MPI just recently released a new draft decree for public comment.

In accordance with the draft decree, a fund will be established to grant cash support to eligible taxpayers in the high-tech industries. Financial source of the fund will be from top-up tax revenue as the result of the application of the global minimum tax rate policy in Vietnam and other appropriate sources. The cash support is exempted from corporate income tax.



## Who will be eligible to receive a cash grant from the fund?

Category of taxpayers		a	b	c	d
Eligibility criteria		Investment projects manufacturing high-tech products	High-tech companies	Investment projects using advanced technologies	R&D center projects
Revenue size (minimum p.a.)		VND10tn (~ USD390mil) for those in chips, semiconductors and AI sectors VND20tn (~ USD780mil) for the rest			Not applicable
Investment capital criteria	Investment capital size (minimum)	VND6tn (~USD235mil) for projects in chips, semiconductors and AI sectors VND12tn (~USD470mil) for the rest			VND3tn (~USD118mil)
	Investment disbursement (from the approval date)	<ul style="list-style-type: none"> <li>● For projects in chips, semiconductors and AI sectors:                             <ul style="list-style-type: none"> <li>○ VND6tn (~USD235mil) is disbursed within 5 years or;</li> <li>○ VND5tn (~USD197mil) is disbursed within 03 years</li> </ul> </li> <li>● For all other projects:                             <ul style="list-style-type: none"> <li>○ VND12tn (~USD470mil) is disbursed in the period of 5 years or;</li> <li>○ VND10tn (~USD390mil) is disbursed within 03 years</li> </ul> </li> </ul>			VND1tn (~USD39mil) is disbursed within 3 years

# Details...



## What types of cash support will there be and how much will be given?

Each taxpayer that meets the criteria as listed in the table above will be eligible to apply for a grant. The grant may be given in the following forms.

### 1. Training and human resource development expenses

- In-scope taxpayers: All taxpayer categories as listed above
- Amount: A percentage of total actual expenses spent on human resource development

### 2. Research and development expenses

- In-scope taxpayers: All taxpayer categories as listed above
- Amount: A percentage of R&D expenses, depending on the volume of the R&D expenditure and the category of the taxpayer

### 3. Investment in fixed assets

- In-scope taxpayers:
  - All taxpayers as listed above, except for category d
  - Taxpayers with newly invested fixed assets that are committed to be utilized for high-tech business activities for at least three years
- Amount: A percentage of the value of newly invested fixed assets, depending on the value and the category of the taxpayer

### 4. High-tech product manufacturing expenses

- In-scope taxpayers: All taxpayers as listed above; except for category d
- Amount: Percentages of local added values of high-tech products. Local added values are defined as the total costs of sales of manufactured high-tech products excluding royalty fees/technology transfer fees paid to overseas parties and costs of imported materials.

### 5. Investment in social infrastructure system

- In-scope taxpayers: All taxpayers as listed above
- Amount: A percentage of total actual expenses spent on social infrastructure



# Details...

## Admin process

- The timeline for taxpayers to submit their grant applications, as well as the timeline for approving the applications, are not specified.
- If the total cash to be granted to eligible applicants exceeds available funds, the Ministry of Finance will report to the government to seek additional funds or adjust the grant amount. If additional funds are not available, the cash amount to be granted to eligible taxpayers will be adjusted based on an evaluation of investment projects, or uniformly reduced by a certain percentage for a category of taxpayers.
- The specific percentages of covered expenses for cash grants have not been decided yet. However, the percentages will be fixed in the final Decree and reviewed every three years.



# Contact us

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