



ALERT ON THE PLANNED POLICIES FOR FOREIGN DIRECT INVESTMENT

**Resolution No. 58/NQ-CP on
Action Plan to implement
Resolution No. 50-NQ/TW on
the orientation towards
foreign investment
cooperation up to 2030**

20 May 2020



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Recently, to concretize the implementation of the views, objectives, tasks and solutions of Resolution No. 50-NQ/TW (“Resolution 50/TW”) dated 20 August 2019 of the Politburo on the orientation towards foreign investment cooperation up to 2030 in Vietnam, the Government issued Resolution No. 58/NQ-CP dated 27 April 2020 (“Resolution 58/CP”) on the Government’s Action Program to implement Resolution 50/TW.

OVERVIEW

Resolution 58/CP was formed on the basis of the objectives, orientations, tasks and solutions set out in Resolution 50/TW, while assessing the trend of shifting foreign investment flows in the context of international competition, trade conflicts between major economies and the effects of the Covid-19 pandemic. Accordingly, the Government has assigned specific responsibilities to ministries, branches and localities for implementation in the period 2020 - 2021.

SOME NOTABLE CONTENTS

(1) Contents on investment policy to encourage, attract foreign investment, manage and supervise foreign investors

Investment Law (amended)

Expected to be approved by the National Assembly in 2020

- Provisions on preferential policies for:
 - ✓ Large projects, nationally important projects, high-tech projects ...;
 - ✓ Strategic investors, multinational corporations to create value-added production and supply chains, participate in regional and global markets, locate headquarters and establish Research and Development centers and innovation centers in Vietnam;

- Regulations on mechanisms and policies on investment incentives based on various criteria;
- Provisions on not allowing on-going projects using outdated technology, potentially causing environmental pollution or natural resource intensive to expand or extend operations.

Decree guiding the Investment Law (amended)

Deadline for submission to the Government: 2020

- Provisions on investment criteria to select and prioritize the attraction of foreign investment in accordance with the development orientations of sectors, fields and localities;
- Provisions on criteria for evaluating the efficiency of foreign investment in economy, society, environment, national security and defense ...

Reports and Prime Minister’s Decisions

Deadline for submission to the Government: 2020 - 2021

- Decisions on the national list of projects calling for foreign investment, the strategy for foreign investment cooperation in the 2021 - 2030 period;
- Report on researching and developing regulations to overcome the situation of “thin capital”, “underground investment” and “hidden investment”.



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(2) The contents of preferential policies on taxes and transfer pricing

Relevant tax laws

According to the Government's annual Law and Ordinance making program

- Provisions on the mechanism of application of investment incentives associated with the satisfaction of conditions, commitments and post-inspection mechanisms.

Decree amending and supplementing Decree No. 20/2017/ND-CP and guiding the Law on Tax Administration on related parties' transactions

Deadline for submission to the Government: 2020

- Amending and supplementing regulations on transfer pricing: establishing databases, disclosing information, ...; building a specialized mechanism to combat transfer pricing.

(3) Other policies: Upgrade and complete the provisions of the law on supporting industries (in the period of 2020 - 2021); formulating a Government's Decree on policies to promote the efficiency of hi-tech parks (2020); ...

DELOITTE'S RECOMMENDATIONS FOR FOREIGN INVESTORS

According to the Action Program in Resolution 58/CP, most of the policies and legal documents on cooperation and attraction of foreign investment will be formulated and submitted to competent authorities for consideration and promulgation in 2020, therefore investors should consider the following actions to seize investment opportunities and build appropriate strategies and plans:

- Focusing on monitoring and studying important changes in policies and legal documents on cooperation and attraction of foreign investment that are being urgently developed, completed and expected to be issued in 2020, focusing on the Investment Law (amended) and the Decree guiding the Law;
- Closely follow and grasp specific plans and solutions of the Government of Vietnam in order to promote cooperation and attract foreign investment to soon revive the economy, including new investment capital from restructuring global investment due to the impact of the Covid-19 pandemic. These plans and solutions will be implemented in accordance with the policies and legal documents on cooperation and attraction of foreign investment built under Resolution 58/CP.

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