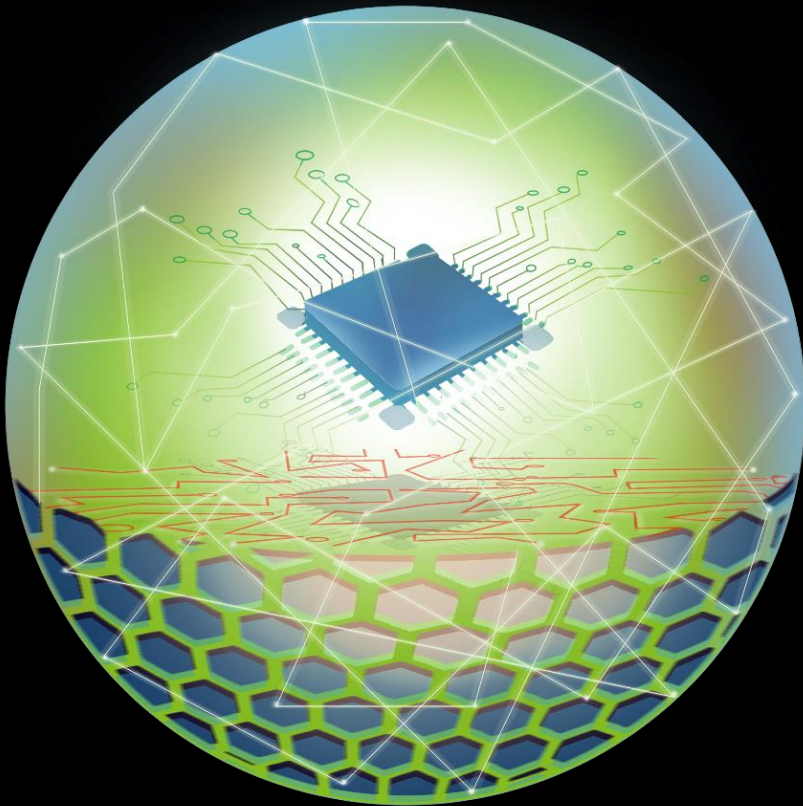


TAX & LEGAL ALERT

New important Decree No. 182/2024/ND-CP
regarding the Investment Support Fund

January 2025



New Decree No. 182/2024/ND-CP regarding the Investment Support Fund

On 31 December 2024, the Decree No. 182/2024/ND-CP (“the Decree”) on establishment, management and usage of the Investment Support Fund (“ISF Fund”) was officially issued by the Government. For the first time ever, Vietnam has rolled out a new groundbreaking incentive scheme, marking a significant milestone in the country's efforts to attract world-class high-tech businesses to further invest in Vietnam. This strategic initiative underscores the government's commitment to fostering innovation and establishing Vietnam as a hub for cutting-edge technology.



Introduction and Overview

- The Decree establishes the framework for the ISF Fund, providing **cash grants/subsidies** to enterprises with qualified investment projects in Vietnam. Under the Decree, the criteria for project eligibility have been meticulously defined, ensuring alignment with economic development priorities.
- ISF Fund shall be founded by the Government, and the Ministry of Planning and Investment is mandated to operate the ISF Fund, which will be financed from the State Budget.
- There are **02 main types of subsidy** under the ISF Fund, known as (i) *Annual Expenses Subsidy* and (ii) *Initial Investment Subsidy*. For (i), the Fund aimed at providing annual financial support for enterprises and investment projects in **High-tech sector**, and **Research & Development (R&D) Center**, while (ii) would be available for enterprises having **R&D Center in semiconductors and AI**.
- The determination of eligible subjects may depend on total investment scale or annual revenue resulted from the project, with further conditions are specifically required on case-by-case basis.
- Certain types of annual expenses of type (i) that incurred during business operation are eligible for support from the ISF Fund, such as: *R&D expenses, investment costs for new fixed asset, manufacturing expenses of high-tech products, etc*, if certain conditions are met. The subsidy level varies, depending on the applicable subject and types of expenses to claim for subsidy.
- The Decree on ISF Fund comes into **effective from fiscal year (“FY”) 2024** and the specified timeline for annual application for subsidy is before 10 July of the year following the subsidized FY.
- **Deloitte team, with our top-notch advisors and experts in this field**, is willing to have further discussions and support you with this important matters.



Recommendations

With the Decree comes into effective from **FY 2024**, enterprises should promptly kick-off the process of assessment and relevant preparation to ensure the enterprise's entitlement for support from the Fund, as well as to be ready for the 1st application to be submitted in July 2025 where applicable. Accordingly, our recommendations are as follows:

1 Thoroughly Review the applicability of ISF Fund policies

- 1 Conduct an in-depth analysis of the new ISF Fund policy. Evaluate the eligibility criteria and conditions to identify potential opportunities for your business to benefit from the new incentive scheme.

2 Identify Gaps and Implement Improvement Actions

- 2 Assess the existing qualifications against the requirements for application of the new incentive policy. Identify any gaps that may prevent eligibility, such as the absence of required certifications. We recommend businesses to take proactive measures, such as applying for High-Tech Certification where appropriate, to ensure compliance and readiness for claiming these incentives.

3 Claim Qualified Incentives

- 3 Once eligible, enterprises should prepare and submit dossier to claim the subsidies from ISF Fund.

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New Decree No. 182/2024/ND-CP regarding the Investment Support Fund

Eligible subjects and incentive scheme

Incentive regimes for **02 types of subsidy** (i) *Annual Expenses Subsidy* and (ii) *Initial Investment Subsidy* are as follows:



Annual Expenses Subsidy



Initial Investment Subsidy

Eligible subjects

- **Subject A** – High-tech Enterprises
- **Subject B** – Enterprises having Investment project manufacturing high-tech products
- **Subject C** – Enterprises having High-tech application projects
- **Subject D** – Enterprises having Investment project of R&D Center

- Enterprises having R&D Center in the sectors of semiconductor and AI

Basic conditions and criteria

- For **Subject A, B and C**:

Case	Requirement
General cases	Minimum investment capital of VND 12,000 billion or revenue of VND 20,000 billion/year
Chip, semiconductor, AI database center projects	Minimum investment capital of VND 6,000 billion or revenue of VND 10,000 billion/year
Projects with breakthrough technologies/products (*)	No requirement of minimum investment capital or revenue
Projects in micro-integrated circuit design sector	<ul style="list-style-type: none"> ✓ No requirement of minimum investment capital or revenue ✓ Commitment of minimum usage of 300 Vietnamese engineers/managers and training of minimum 30 high-quality engineers annually.

- Not having tax debts
- Positive impact on innovation ecosystem and contribute to the development of new technologies and breakthrough products for the country

(*) *Belong to the List of breakthrough technologies/products issued by Prime Minister*

Of note, projects under investment capital condition needs to satisfy additional requirement of **capital disbursement timeline** on case-by-case basis.

- For **Subject D**: minimum investment capital of VND 3,000 billion, with disbursement of minimum VND 1,000 billion capital in 03 years

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Eligible subjects and incentive scheme (continued)

Incentive regimes for **02 types of subsidy** (i) *Annual Expenses Subsidy* and (ii) *Initial Investment Subsidy* are as follows:



Annual Expenses Subsidy



Initial Investment Subsidy

Eligible subsidized expenses/investment

Types of expenses for subsidy

- 1) *Training and human resource ("HR") development expenses*
- 2) *R&D expenses*
- 3) *Cost of newly invested fixed assets*
- 4) *Manufacturing expenses of high-tech products*
- 5) *Social infrastructure constructions expenses*
- 6) *Other expenses as determined by the Government*

(* Detailed eligible expenses are provided in the Decree

- Initial investment expenses

Subsidy level

Types of expenses	Subject B	Subject A & C	Subject D
1. Training and HR development		50%	
2. R&D expenses	<ul style="list-style-type: none"> ▪ First VND 120 billion: 1% ▪ VND 120 billion – 240 billion: 5% ▪ Above VND 240 billion: 10% 	<ul style="list-style-type: none"> ▪ First VND 120 billion: 20% ▪ VND 120 billion – 240 billion: 25% ▪ Above VND 240 billion: 30% 	<ul style="list-style-type: none"> ▪ First VND 120 billion: 10% ▪ VND 120 billion – 240 billion: 15% ▪ Above VND 240 billion: 20%
3. New fixed asset investment <i>(* Annual subsidy capped at 0.5% total investment capital</i>	<ul style="list-style-type: none"> ▪ First VND 120 billion: 1% ▪ VND 120 billion – 240 billion: 2% ▪ Above VND 240 billion: 3% 	<ul style="list-style-type: none"> ▪ First VND 120 billion: 8% ▪ VND 120 billion – 240 billion: 9% ▪ Above VND 240 billion: 10% 	N/A
4. Manufacturing expenses of high-tech products <i>(* Only applicable to manufacturing expenses of products under the List of prioritized High-tech products</i>	<ul style="list-style-type: none"> ▪ Common rate 0.5% ▪ Special rate 1% for projects with VND 200,000 billion revenue, 10,000 labors, 30% added value 	<ul style="list-style-type: none"> ▪ Common rate 1% ▪ Special rate 3% for: <ul style="list-style-type: none"> - Projects with VND 200,000 billion revenue, 10,000 labors, 30% added value; OR - Projects in chip, semiconductor integrated circuits, AI database center 	N/A
5. Social infrastructure constructions		25%	

- Maximum **50%** of initial investment


Above subsidy rate is maximum level which could be received.

Further requirements may need to be fulfilled depending on the types of eligible expenses.

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Eligible subjects and incentive scheme (continued)

Incentive regimes for **02 types of subsidy** (i) *Annual Expenses Subsidy* and (ii) *Initial Investment Subsidy* are as follows:



Annual Expenses Subsidy



Initial Investment Subsidy

Applicable time of subsidy

- Subsidy applicable from 1st year projects having revenue and incur eligible expenses
- For 1st year obtaining High-tech Certifications: eligible expenses are expenses **incurred in the whole year.**

Period of subsidy entitlement

- Maximum 05 years**, cases of extension subject to decisions of the Prime Minister

Application procedures

- Enterprises prepare and submit application dossier to receiving authorities: **before 10 July** of subsequent year of subsidized financial year
() Receiving authorities: Management Board of Economic Zones, Industrial Zones, High-tech Zones (for projects within such zones) or Local Department of Planning and Investment (for projects outside such zones)*
- The dossier would then be evaluated by competent authorities before final decision of subsidy amount by the Government

- Enterprises prepare and submit application dossier to Ministry of Planning and Investment: **before 10 July** of subsequent year of subsidized FY.
- The dossier would then be evaluated by competent authorities before final decision of subsidy amount by the Government.

Principle of subsidy amount determination

- Total subsidy amount **not exceeding** ISF Fund budget.
- Subsidy amount for enterprises would be determined based on factors of socio-economic development direction, investment attraction strategy, and Fund budget.

Effectiveness

- The Decree is effective from the signing date and applies **from the financial year 2024.**
- Financial year is the annual accounting period determined under accounting and tax regulations.

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