

TIEN GIANG PEOPLE'S COMMITTEE  
DEPARTMENT OF PLANNING AND INVESTMENT

*Handbook*  
**INVESTMENT INCENTIVE POLICY**

*Tien Giang, September 2021*

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## **PART 1: LIST OF SECTORS FOR INVESTMENT INCENTIVE**

(Based on Appendix II - List of sectors eligible for investment preference, Decree No. 31/2021/ND-CP dated March 26<sup>th</sup>, 2021 of the Central Government)

### **A. SECTORS FOR SPECIAL INVESTMENT INCENTIVE**

#### **I. HIGH TECHNOLOGY, INFORMATION, SUPPORTING INDUSTRY**

- 1.** Application of high technologies on the list of high technologies prioritized for development under the Prime Minister's decision.
- 2.** Producing products on the list of high-tech products encouraged for development under the Prime Minister's decision.
- 3.** Manufacturing products on the list of supporting industry products prioritized for development according to the Central Government's regulations on supporting industry development.
- 4.** High-tech incubation, high-tech enterprise incubation; venture capital for high-tech development; application, research and development of high technology in accordance with the law on high technology; manufacturing biotechnology products; training high-tech human resources; providing high-tech services.



1.1. Mekong Innovation Technology Park (Mekong ITP)

5. Producing software products, digital information content products, key information technology products, and software services in accordance with the law on information technology; manufacturing network information security products and providing network information security services to ensure the conditions as prescribed by law on network information security; manufacturing products formed from scientific and technological results in accordance with the law on science and technology.

6. Producing renewable energy, clean energy, and energy from waste destruction.

7. Producing composite materials, light building materials and rare materials.

8. Producing products on the list of key mechanical products under the Prime Minister's decision.

## II. AGRICULTURE

1. Planting, tending, nurturing, protecting and developing forests, developing production forests in bare lands and bare hills, planting large timber forests and converting small timber plantations into large timber plantations; developing non-timber products apart from forest products, restoring natural forests.

2. Cultivating, processing and preserving agricultural, forestry and aquatic products, processing non-timber products.



1.2. Dragon fruit - specialty of Cho Gao district

3. Producing, multiplying and cross-breeding plant varieties, livestock breeds, forestry plant varieties, aquatic breeds, developing hi-tech forestry plant varieties.

4. Producing, exploiting and refining of salt.

5. Offshore fishing in combination with the application of advanced fishing methods; serving fisheries logistics; constructing shipyards for fishing boats and building fishing boats.

6. Rescue service at sea.

7. Investing in research and producing biotechnological products used as food.

8. Manufacturing of wooden products; producing artificial boards, including: plywood sheets, jointed boards, MDF boards.

### III. ENVIRONMENTAL PROTECTION, INFRASTRUCTURE CONSTRUCTION

1. Collection, treatment, recycling and reuse of waste in a focused area

2. Building and trading infrastructure for industrial parks, export processing zones, high-tech zones and functional zones in economic zones.



1.3. Gia Thuan Industrial Cluster

3. Investment and development of water plants, power plants, water supply and drainage systems; bridge, road, infrastructure, transport and railway industry; airports, seaports, inland waterway ports; airports, railway stations and other particularly important infrastructure works to be decided by the Prime Minister.

4. Development of public passenger transport in urban areas.

5. Construction investment, management, and operation of markets in rural areas.

6. Investment in development, operation and management of technical infrastructure works for industrial clusters.

#### **IV. CULTURE, SOCIAL AFFAIRS, SPORTS, HEALTH**

1. Construction of social and resettlement housing.

2. Investment in business venues performing hygiene and disease prevention.

3. Conducting scientific research on technology and biotechnology for the production of new drugs, new veterinary drugs, vaccines and biological products for veterinary use.

4. Manufacturing medicinal ingredients and key drugs, essential drugs, drugs for the prevention and control of social diseases, vaccines, medical biological products, drugs from herbal ingredients, and traditional medicines; any drug which is about to have expired patents or related to monopoly; application of advanced technology, biotechnology to produce medicines for human health up to international GMP standards; manufacture of packaging directly in contact with the drug.

5. Investing in Methadone production facilities.

6. Investing and operating sports training and coaching centers for high-achievement, and sports training and coaching centers for the disabled; building sports facilities with equipment and facilities for practicing and contest meeting the requirements of organizing international tournaments; professional sports training facilities.

7. Investing and operating geriatric and psychiatric centers, treating patients infected with Agent Orange; care center for the elderly, the disabled, orphans, and homeless children.

8. Investing and operating centers for medical treatment - education - social labor; smoking cessation facilities; HIV/AIDS treatment facilities; public establishments for drug addiction treatment; private establishments for drug addiction treatment; counseling and supporting points for community drug addiction treatment at district level.

9. Investing and operating national-level museums and cultural houses; choir, dance, folk music groups; theatres, studios, film production facilities, film printing and coating; art - photography exhibitor; production,

manufacture and repair of ethnic musical instruments; maintaining and preserving museums, cultural houses and art and culture schools; craft villages to introduce and develop traditional industries and trades; investing in the business of folk performing arts; investing in the Vietnam National Library, public libraries of provinces and state-run cities and libraries which play an important role.

**10.** Investing in facilities to prevent gender-based violence in the community for sex workers.

## **B. SECTORS PRIORITIZED FOR INVESTMENT**

### **I. SCIENCE, TECHNOLOGY, ELECTRONICS, MECHANICS, MATERIAL PRODUCTION, INFORMATION TECHNOLOGY**

**1.** Investing in Research and Development (R&D).

**2.** Producing steel billets from iron ore, high-grade steel and alloys.

**3.** Producing coke, activated carbon.

**4.** Producing energy-saving products.

**5.** Producing petrochemicals, pharmaceutical chemicals, basic chemicals and rubber.

**6.** Producing products with added value of 30% or more (according to the guidance of the Ministry of Planning and Investment).

**7.** Manufacturing automobiles, auto parts, shipbuilding.

**8.** Manufacturing electronic accessories, components and assemblies not in the List A of this Appendix.

**9.** Manufacturing machine tools, machinery, equipment, spare parts and machinery for agriculture, forestry, fishery, salt production, food processing machines, and irrigation equipment not on the List A Appendix this Appendix.

**10.** Producing materials to replace asbestos materials.

**11.** Producing light non-flammable building materials (with density less than 1000 kg/m<sup>3</sup>).

**12.** Investing in making use of gas from waste burning of construction material factories to generate electricity in order to save energy and protect the environment.

**13.** Producing artificial crushed sand to replace natural sand.

**14.** Investing in treatment and use of daily waste from thermal power plants, chemical fertilizer plants, and metallurgy plants to make construction materials.

**15.** Investing in the treatment and use of domestic waste as fuel in the production of construction materials.

**16.** Investing in the production of equipment, supplies and spare parts for the cement industry; glass; ceramic tiles; refractory materials; investing in the production of building materials to replace building materials produced with outdated technology.

**17.** Producing all kinds of eco-friendly means of transport.

**18.** Producing and assembling diesel locomotives; freight wagons with a tonnage of 30 tons or more; high-class passenger carriages with a construction speed of 100 km/h; spare parts for locomotives and wagons in the railway sector.

**19.** Producing and processing minerals as building materials.

**20.** Producing and trading products formed from scientific and technological results of science and technology enterprises.

## **II. AGRICULTURE**

**1.** Raising, planting, harvesting and processing medicinal herbs; protecting and conserving genetic resources and rare, endemic medicinal species.

**2.** Producing and processing animal and aqua feeds.

**3.** Scientific and technical services in cultivation, animal husbandry, aquaculture, protection of plants and animals.



1.4. Pineapple - specialty of Tan Phuoc district



4. Constructing new, renovating and upgrading slaughterhouses; preserving and processing poultry and livestock in concentrated industry, wholesale markets, auction facilities for livestock and livestock products.

5. Building and developing concentrated material areas to serve the processing industry.

6. Seafood exploitation.

7. Investing in production of biological plant protection drugs, production of organic fertilizers, scientific research activities and technology transfer to develop organic fertilizers.

8. Cultivating and processing agricultural, forestry and aquatic products in the form of linkages along the product chain; farming and processing agricultural, forestry and aquatic products in the form of organic agricultural production.

9. Producing handicrafts, bamboo and rattan products, ceramics, glass, textiles, yarns, embroidery, knitting.

10. Conducting scientific research and developing technology in the field of agricultural science.

11. Breeding original livestock breeds, conserving genetic resources of precious and rare livestock breeds and indigenous breeds.

### **III. ENVIRONMENTAL PROTECTION, INFRASTRUCTURE CONSTRUCTION**

1. Construction and development of industrial cluster infrastructure.

2. Construction of apartment buildings for workers in industrial parks, export processing zones, high-tech zones and economic zones; building student dormitories and houses for social policy beneficiaries; investing in the construction of functional urban areas (including kindergartens, schools, and hospitals) to serve workers.

3. Handling oil spills, overcoming mountain landslides, erosion of dykes, riverbanks, coasts, dams, reservoirs and other environmental incidents; applying technology to reduce greenhouse gas emissions destroying the ozone layer.

4. Investing in business of goods exhibition centers, logistics centers, inland ports, warehouses, supermarkets, and trade centers.

5. Producing and supplying environmental monitoring equipment, on-site domestic wastewater treatment equipment, environment-friendly

products and services certified with Vietnam Eco-label in accordance with the law on protection environmental protection.

**6.** Investing and operating technology incubators and science and technology enterprises in accordance with the law on technology.

**7.** Investing and operating innovation center, research and development center.

**8.** Treating domestic wastewater in a concentrated manner with a design capacity of 2,500 m<sup>3</sup>/day (24 hours) or more, for urban areas of grade IV or higher.

**9.** Collecting, transporting and treating solid waste in a concentrated manner.

**10.** Treating hazardous waste, co-treating hazardous waste.

**11.** Treating and renovating contaminated environmental spots in public areas.

**12.** Responding to and handling oil spills, chemical incidents and other environmental incidents.

**13.** Building technical infrastructure for environmental protection in industrial parks, industrial clusters and craft villages.



1.5. Long Giang Industrial Park

**14.** Relocating or changing operations of establishments causing serious environmental pollution.

**15.** Monitoring environment.

**16.** Investing in the construction of cemeteries, fire and electric cremation facilities.

**17.** Assessing environmental damage; assessing environmental health; assessing environment of imported goods, scrap, machinery, equipment and technology.

**18.** Producing and applying environmental protection inventions protected by the State in the form of granting Patents for inventions or Patents for utility solutions.

**19.** Producing environmentally friendly products that are labeled with the Vietnam Green Label by the Ministry of Natural Resources and Environment; making products from solid waste recycling and treatment activities of waste treatment facilities (domestic, industrial and hazardous waste).

**20.** Producing gasoline, diesel fuel and biofuels certified in conformity with regulations; Biochar; energy from using wind, sunlight, tides, geothermal and other forms of renewable energy.

**21.** Producing and importing special-use machinery, equipment and vehicles directly used in the collection, transportation and treatment of waste; automatic and continuous monitoring equipment for wastewater and emissions; equipment for measuring, sampling and analyzing environment; producing renewable energy; treating environmental pollution; responding and handling environmental incidents.

**22.** Production, business and service activities of environmentally friendly establishments certified with eco-labels by the Ministry of Natural Resources and Environment.

**23.** Producing products, equipment and technologies using water sparingly.

#### **IV. EDUCATION, CULTURE, SOCIAL AFFAIRS, SPORTS, HEALTH**

**1.** Investing and operating infrastructure facilities of education and training institutions, vocational education institutions; investing in the development of education and training institutions, non-public vocational education institutions at all educational levels: preschool education, general education, and vocational education.

**2.** Producing medical equipment, building warehouses to preserve pharmaceuticals, stocking medicinal drugs for treatment in case of natural disasters, catastrophes and dangerous epidemics.

**3.** Producing medicinal materials, plant protection drugs and

pesticides; preventing and treating disease for animals and aquatic animals.

**4.** Producing veterinary drugs, raw materials for making veterinary drugs, preserving veterinary drugs; manufacturing equipment and instruments used in veterinary medicine.

**5.** Investing in facilities for biological testing and drug bioavailability assessment; pharmaceutical establishments meeting the standards of good practice in the production, preservation, testing and clinical trials of drugs.

**6.** Investing in research to prove the scientific basis of Oriental, traditional medicines and building standards for testing Oriental and traditional medicines.

**7.** Investing in the business of fitness and sports centers, gym rooms, fitness and sports clubs, stadiums, swimming pools; establishments manufacturing and repairing equipment and means of exercise and sports.

**8.** Investing and operating district-level public libraries, specialized libraries, university libraries, libraries of educational institutions, community libraries, and private libraries that serve the community and develop reading culture for the good sake of lifelong learning.

**9.** Investing in the development of vocational education quality accreditation organizations and the production of vocational education equipment.



1.6.1. Library of Tien Giang University



1.6.2. Library of Tien Giang University

## V. OTHER SECTORS

1. Operations of the People's Credit Fund and microfinance institutions.
2. Publishing activities of electronic publications.
3. Investing and operating product distribution chain of small and medium-sized enterprises; investing in the business of incubators of small and medium-sized enterprises; investing and operating technology facilities to support small and medium enterprises; investing and operating a common workspace for small and medium-sized enterprises and innovative start-ups in accordance with the law on supporting small and medium-sized enterprises.
4. Investing in innovative start-ups.

## PART 2: LOCATIONS FOR INVESTMENT PREFERENCE

### I. LOCATIONS FOR INVESTMENT PREFERENCE

Pursuant to Clause 2, Article 16 of the Law on Investment No. 61/2020/QH14 dated June 17<sup>th</sup>, 2020, areas eligible for investment preference include:

- a) Areas with difficult socio-economic conditions, areas with extremely difficult socio-economic conditions;

b) Industrial parks, export processing zones, high-tech zones, economic zones.

## **II. LOCATIONS ENTITLED INVESTMENT PREFERENCE IN TIEN GIANG**

Pursuant to Appendix III - List of sectors eligible for investment preference, Decree No. 31/2021/ND-CP dated March 26<sup>th</sup>, 2021 of the Government, specifically:

**1.** Areas with extremely difficult socio-economic conditions:

Tan Phuoc District

Tan Phu Dong District

**2.** Areas with difficult socio-economic conditions:

Go Cong Tay District

Go Cong Dong District

## **PART 3: PROCEDURES OF APPLICATION FOR INVESTMENT PREFERENCES**

**1.** Decision on approval of investment in principles, Certificate of investment registration, Decision on investor approval specifying forms, bases and conditions for application of investment preferences as prescribed in Articles 15 and 16 Investment Law No. 61/2020/QH14 dated June 17<sup>th</sup>, 2021 and Article 19 of Decree No. 31/2021/ND-CP dated March 26<sup>th</sup>, 2021:

**2.** Based on the content of investment preferences in the Decision approving the investment in principles, the Certificate of investment registration, the Decision on approval of the investor, the investor shall carry out all the procedures of the investment preferences to submit to the competent agency to give investment preferences corresponding to each type of preference.

**3.** Bases for applying for investment preferences to a number of enterprises and investment projects specified in Article 19 of Decree No. 31/2021/ND-CP dated March 26<sup>th</sup>, 2021 include:

a) For science and technology enterprises, it is the Certificate of science and technology enterprise;

b) For hi-tech agricultural enterprises, it is the Certificate of hi-tech agricultural enterprises;

c) For hi-tech application projects, it is the certificate of high-tech application projects;

d) For supporting industry projects, it is the Certificate of preferences for production of supporting industry products;

đ) For projects involving technology transfer on the List of technologies encouraged for transfer, it is the Certificate of technology transfer encouraged for transfer according to the Prime Minister's regulations.

4. For investment projects that do not fall into the cases specified in Sections 2 and 3 of this Part, investors shall base on the beneficiaries of investment preferences specified in Article 19 of Decree No. 31/2021/ND-CP dated March 26<sup>th</sup>, 2021, relevant regulations for self-determination of investment preferences and investors shall carry out procedures of those investment preferences to submit to the competent agency to give investment preferences corresponding to each type of preference.

## **PART 4: SUMMARY OF INVESTMENT POLICIES**

### **A. LAND PREFERENCE**

#### **I. EXEMPTION AND REDUCTION OF LAND AND WATER SURFACE RENTS**

Exemption and reduction of land rent and water surface rent in accordance with the regulations of Decree No. 46/2014/ND-CP and Circular No. 77/2014/TT-BTC dated June 16<sup>th</sup>, 2014 of the Ministry of Finance guiding a few items of Decree No. 46/2014/ND-CP.

#### **1. Projects exempt from land rent and water surface rent for the entire lease term:**

- Investment projects in the fields of special investment preferences are invested in extremely difficult socio-economic areas.

- Investment projects on construction of houses for workers of industrial parks and export processing zones which are leased by the State or sub-leased from investors in building and operating infrastructure

facilities in industrial parks or export processing zones, need to comply with the planning approved by the competent state agency; the investor is not allowed to include the cost of land rent in the house rental price.

- Projects using land to build student dormitories with capital from the state budget, organizations assigned to manage and use for students to live in must not include land rental costs in the house rental price.

- Agricultural land for ethnic minorities; land for implementation of projects on afforestation for protection and sea encroachment.

- Land for construction of non-business works of public non-business organizations; land for construction of scientific research facilities of science and technology enterprises if relevant conditions (if any) are satisfied, including: land for construction of laboratories, land for construction of technology incubators and for incubation of science and technology businesses, land for construction of experimental facilities, land for construction of experimental production facilities.

- Land for construction of facilities and works for aviation service, excluding land for construction of facilities and works for doing business of aviation service.

- Land used by agricultural cooperatives as ground for the construction of cooperative offices, drying yards and warehouses; for the construction of service establishments directly serving agricultural production, forestry, aquaculture and salt production.

- Land for construction of maintenance and repair stations, parking lots (including ticketing areas, management and operation areas, public service areas) in service of public passenger transport according to regulations of law on road transport.

- Land for construction of water supply works, including: Water exploitation and treatment works, pipelines and works on the water supply pipeline network and works supporting the management and operation of the water supply system (administrators, managers, operators, factories, warehouses, materials and equipment).

- Land for construction of infrastructure for common use in industrial parks, industrial clusters, and export processing zones according to the planning approved by competent authorities specified in Clause 2, Article 149 of the Land Law.



## 2. Exemption from land rent for a definite time.

a) Exemption from land rent and water surface rent during the basic construction period:

- Investors are exempted from land rent or water surface rent during the period of basic construction under the project approved by the competent authority, but for a maximum of 03 years from the date of issuance of the decision on land or water surface lease.

- In case the renter uses the land for the purpose of agricultural production (growing perennial crops) according to the project approved by the competent authority, the period of basic construction of the plantation shall be exempted from land rent applicable to each type of tree to be in accordance with the technical process of planting and caring for perennial plants prescribed by the Ministry of Agriculture and Rural Development.

- The exemption from land rent and water surface rent during the basic construction period shall be implemented according to the project associated with the State's new land lease, changing from land allocation without charging any fee for land use to land lease, excluding cases of investment in construction, renovation, expansion of production and business establishments and replanting of plantations on the land area being leased by the State.

b) Exemption from land rent and water surface rent after the basic construction period:

- Three (3) years for projects on the List of sectors eligible for investment preferences; for new production and business establishments of economic organizations that are relocated according to planning, relocated due to environmental pollution.

- Seven (7) years for investment projects in areas with difficult socio-economic conditions.

- Eleven (11) years for investment projects in areas with extremely difficult socio-economic conditions; investment projects on the List of sectors of special investment preferences; projects on the List of sectors eligible for investment preferences are invested in areas with difficult socio-economic conditions.

- Fifteen (15) years for projects on the List of sectors eligible for investment preferences that are invested in areas with extremely difficult socio-economic conditions; projects on the List of sectors with special investment preferences, which are invested in areas with difficult socio-economic conditions.

- c) 50% reduction of land rent and water surface rent for cooperatives that lease land for use as production and business place.

## **B. TAX PREFERENCES.**

### **I. EXEMPTION AND REDUCTION OF NON-AGRICULTURAL LAND USE TAX.**

#### **1. Exemption and reduction of non-agricultural land use tax:**

Complying with the provisions of the Law on non-agricultural land use tax, Decree No. 53/2011/ND-CP dated July 1<sup>st</sup>, 2011 of the Government stipulates with detail and guidance on the implementation of a few terms of the Law on Non-agricultural Land Use Tax and Circular No. 153/2011/TT-BTC dated November 11<sup>th</sup>, 2011 of the Ministry of Finance giving guidance on non-agricultural land use tax.

#### **2. Non-agricultural land use tax is exempted in the following cases:**

- Investment projects on the List of sectors eligible for special investment preferences.

- Investment projects in areas with extremely difficult socio-economic conditions.

- Investment projects on the List of sectors eligible for investment preferences in areas with difficult socio-economic conditions.

- Land of enterprises employing more than 50% of the workforce as war invalids or sick soldiers is exempted from non-agricultural land use tax.

- Exemption for taxpayers facing difficulties due to force majeure events if the value of damage to land and houses on land is over 50% of the taxable value.

#### **3. 50% reduction of non-agricultural land use tax in the following cases:**

- Investment projects on the List of sectors eligible for investment preferences.

- Investment projects in areas with difficult socio-economic conditions.
- Enterprise's land uses from 20% to 50% of the labor force being war invalids and sick soldiers.
- Taxpayers face difficulties due to force majeure events if the value of damage to land and houses on land is from 20% to 50% of the taxable value.

## **II. ENTERPRISE INCOME TAX PREFERENCES**

### **1. The preferential tax rate of 10% for a period of 15 years is applied to:**

- Incomes of enterprises from implementing new investment projects in areas with extremely difficult socio-economic conditions specified in Section I - Appendix III, hi-tech parks established under the Decision of the Prime Minister;

- Incomes of enterprises from implementing new investment projects in the following fields: Scientific research and technological development; high-tech applications on the list of hi-tech prioritized for development investment in accordance with the Law on High Technology; high-tech incubation, high-tech enterprise incubation; venture capital investment in the development of high technologies on the list of high technologies prioritized for development in accordance with the law on high technology; investment in construction and doing business of high-tech incubators, incubation of high-tech enterprise; investing in the development of water plants, power plants, water supply and drainage systems; bridge, road, railway; seaports, river ports; railway stations and other particularly important infrastructure works decided by the Prime Minister; manufacturing software products (belonging to the list of software products and meeting the process of manufacturing software product as prescribed by law); production of composite materials, all kinds of light construction materials, rare and precious materials; producing renewable energy, clean energy, energy from waste destruction; developing biotechnology;

- Incomes of enterprises from implementing new investment projects in the field of environmental protection, including: production of environmental pollution treatment equipment, environmental monitoring and analysis equipment; pollution treatment and environmental

protection; collection and treatment of wastewater, exhaust gas and solid waste; waste recycling and waste reuse;

- High-tech enterprises, agricultural enterprises applying high technology;

- Income of enterprises from implementing new investment in the field of production (excluding projects producing items of excise tax, mining projects) meets one of two criteria as follows:

- + The project has an investment capital of at least 6 (six) trillion VND, disbursed within 3 years from the time of first investment in accordance with the law on investment and has a total turnover of minimum revenue of 10 (ten) trillion VND/year no later than 3 years from the year of revenue.

- + Projects with minimum investment capital of 6 (six) trillion VND, disbursed within 3 years from the time of first investment in accordance with the law on investment and regular use of over 3,000 employees (the number of regular employees is determined according to the provisions of the labor law, signed a full-time labor contract, excluding the number of part-time employees and short-term employees with contracts under 01 year) no later than 3 years from the year of revenue.

- Incomes of enterprises from implementing investment projects in the fields of production, excluding production projects on items of excise tax and mining projects, capitalized at a minimum investment 12,000 (twelve thousand) billion VND, using technology must be appraised according to the provisions of the Law on High Technology, Law on Science and Technology, disbursing the total registered investment capital within 5 years from the investment permit date in accordance with the law on investment."

- Incomes of enterprises implementing a new investment project to produce products on the List of supporting industry products prioritized for development that meets one of the following criteria:

- + Industrial products supporting high technology according to the provisions of the Law on High Technology;

- + Industrial products supporting production in the following industries: textile - garment; leather - shoes; electronics and information technology; automobile production and assembly; mechanical engineering whose products as of January 1<sup>st</sup>, 2015 cannot be produced

domestically or can be manufactured but must meet technical standards of the European Union (EU) or equivalent.

## **2. The tax rate of 10% during the operation period is applied to:**

- Income of enterprises having socialized investment in the fields of education and training, vocational training, health, culture, sports, environment, judicial assessment;

- Income of publishers from their publishing activities in accordance with the Law on Publishing;

- Income of press agencies from their printing activities (including advertising on printed newspapers) according to the provisions of the Press Law;

- Income of enterprises implementing investment projects - social housing business for sale, lease, and lease-purchase for the objects specified in Article 53 of the Law on Housing;

- Income of enterprises planting, tending and protecting forests; incomes from cultivation, animal husbandry, farming and processing of agricultural and aquatic products in areas with difficult socio-economic conditions; cultivating forest products in areas with difficult socio-economic conditions; producing, multiplying and crossbreeding of plant and animal varieties; salt production, extraction and refining, except for salt production specified in Clause 1, Article 4 of Decree 218/2013/ND-CP; investment in post-harvest preservation of agricultural products, preservation of agricultural products, aquatic products and food, including investment in direct preservation or investment in leasing and preservation of agricultural products, aquatic products and food;

- Income of cooperatives operating in the fields of agriculture, forestry, fishery and salt production not in socio-economic difficult areas and particularly difficult socio-economic areas, except for income of cooperatives specified in Clause 1, Article 4 of Decree 218/2013/ND-CP.

## **3. The tax rate of 15% is applied to:**

Incomes of farming, animal husbandry and processing enterprises in the fields of agriculture and fishery in places which are not located in areas with difficult socio-economic conditions or areas with particularly difficult socio-economic conditions.

#### **4. The tax rate of 17% for a period of ten years is applied to:**

- Income of enterprises implementing new investment projects in areas with difficult socio-economic conditions;
- Income of enterprises implementing new investment projects: Producing high-grade steel; manufacturing energy-saving products; manufacturing machinery and equipment for agriculture, forestry, fishery and salt production; producing irrigation equipment; producing and refining animal, poultry and aquatic feed; traditional industry development.

#### **5. The tax rate of 17% is applied to:**

Income of people's credit funds and microfinance institutions being established and operating under the provisions of the Law on Credit Institutions after the expiry time for application of the 10% tax rate specified at Point a, Clause 3, Article 4, Decision No. 53/2016/QĐ-UBND dated December 10<sup>th</sup>, 2016 of the People's Committee of Tien Giang province, shall be changed to the tax rate of 17%.

#### **6. Time to apply the preferential tax rate:**

This is calculated continuously from the first year the enterprise has revenue from a new investment project; for hi-tech enterprises, hi-tech agricultural enterprises, this shall be counted from the date of being recognized as hi-tech enterprises or hi-tech agricultural enterprises; for hi-tech application projects, this shall be counted from the date of being granted the certificate of high-tech application project.

### **III. TAX EXEMPTION, ENTERPRISE INCOME TAX REDUCTION.**

#### **1. Tax exemption for 4 years, 50% reduction of payable tax for the next 9 years for:**

- Income of enterprises specified at Point a, Clause 3, Article 4 of Decision No. 53/2016/QĐ-UBND dated December 10<sup>th</sup>, 2016 of the People's Committee of Tien Giang province;
- Income of enterprises implementing new investment projects in the field of socialization in areas with difficult or extremely difficult socio-economic conditions.

#### **2. Tax exemption for 4 years, 50% reduction of payable tax for the next 5 years:** for income of enterprises implementing new investment

projects in the field of socialization in areas not on the List of areas with difficult or extremely difficult socio-economic conditions.

**3. Tax exemption for 2 years and 50% reduction of payable tax for the next 4 years:** for income from the implementation of new investment projects specified at Point d, Clause 3, Article 4, Decision No. 53/2016/Decision-UBND dated December 10<sup>th</sup>, 2016 of the People's Committee of Tien Giang province and income of enterprises from implementing new investment projects in industrial parks (except for industrial parks located in areas with favorable social and economic conditions).

#### **4. The tax exemption and reduction period :**

It is calculated continuously from the first year of having taxable income from a new investment project entitled to tax preferences, in case there is no taxable income for the first three years, from the first year of having revenue from the new investment project, the tax exemption and reduction period is calculated from the fourth year. The tax exemption and reduction period for hi-tech enterprises and hi-tech agricultural enterprises shall be counted from the time of being recognized as hi-tech enterprises or hi-tech agricultural enterprises.

**5.** Enterprises with investment projects and developing investment projects in fields and areas eligible for enterprise income tax preferences to expand production scale, increase capacity, or renew production technology if they meet one of the three criteria specified below, they may choose to benefit tax preferences according to the project in operation for the remaining time (if any) or be exempted or reduced from tax on the additional income generated by investment expansion. The tax exemption or reduction period for additional income due to investment expansion is the same as the tax exemption or reduction period applicable to new investment projects in the same area or field of enterprises income tax preferences.

The expanded investment project specified at this Point must satisfy one of the following criteria:

- The increasing original cost of fixed assets when the investment project is completed and put into operation reaches a minimum of 20 billion VND, for an expansion investment project in the field eligible for enterprise income tax preferences, or from 10 billion VND for expansion

investment projects implemented in areas with difficult or extremely difficult socio-economic conditions.

- The proportion of the original cost of fixed assets increased by at least 20% compared to the total original cost of fixed assets before investment.

- Design capacity increased by at least 20% compared to the designed capacity before investment.

In case an operating enterprise invests in upgrading, replacing or renovating technology of an operating project in a tax preference field or area that does not meet one of the three criteria mentioned above, the tax preferences shall be based on the active project for the remaining time (if any).

In case an enterprise chooses to benefit tax preferences under the expanded investment category, the additional income resulting from the expansion investment shall be accounted separately; In case it is not possible to do separate accounting, the income from expanded investment activities is determined according to the ratio between the original cost of fixed assets newly invested and put into use for production and business and the total cost of fixed assets of the enterprise.

The tax exemption and reduction period is counted from the year the expanded investment project is completed and put into production and business with income; in case there is no taxable income in the first three years, from the first year of revenue from the expanded investment project, the tax exemption or reduction period is counted from the fourth year.

This tax preference is not applicable to cases of investment expansion due to mergers, acquisitions of businesses or investment projects in operation.

**6.** Enterprises that transfer technology in the fields of priority transfer to organizations and individuals in areas with difficult socio-economic conditions are entitled to a 50% reduction in enterprise income tax based on the portion of the enterprise income from technology transfer.

#### **IV. IMPORT TAX PREFERENCES.**

**1.** Import tax exemption for imported goods to create fixed assets (including new investment and expansion investment) as prescribed in Article 14 of Decree No. 134/2016/ND-CP dated September 1<sup>st</sup>, 2016 of the Government.



2. Exemption from import tax for a period of 05 (five) years from the date of commencement of production for raw materials, supplies and components that cannot be produced domestically and which are imported according to the provisions of Article 15 of Decree No. 134 /2016/ND-CP dated September 1<sup>st</sup>, 2016 of the Government.

## **PART 5: PREFERENCES FOR INVESTMENT PROJECTS IN AGRICULTURE AND RURAL SECTORS**

Enterprises being established, registering and operating under the Law on Enterprises and having investment projects in the field of agriculture and rural areas according to the provisions of Decree No. 57/2018/ND-CP dated April 17<sup>th</sup>, 2018 of the Central Government on mechanisms and policies to encourage enterprises to invest in agriculture and rural areas to benefit investment priorities under the investment priority policies in the field of agriculture and rural areas as follows:

### **1. Exemption and reduction of land use fees**

Enterprises with agricultural projects (especially investment priorities, investment priorities and investment encouragement) are allocated land by the State or are allowed to change the purpose of land use to build houses for employees according to the provisions of Article 55 The Land Law exempt from changing fee to convert the purpose of the land use to build houses for employees working at the project; shall be exempted from land use levy for that land area after it is converted.

### **2. Exemption and reduction of land and water surface rents of the State**

a) Enterprises with agricultural projects with investment priorities and investment promotions when renting land or water surface from the State are entitled to the preferential land prices prescribed by the People's Committees of the provinces and state-run cities, and land and water surface rents are stable for at least 5 years.

b) If an enterprise has an agricultural project with special investment priorities, such project is exempt from land rent or water surface rent from the date the State leases land or water surface.

c) If an enterprise has an agricultural project with investment priorities, such project shall be exempted from land rent or water surface rent for the first 15 years from the date on which the State leases land or water surface, and shall receive a 50% reduction in land and water surface rents for the next 07 years.

d) If an enterprise has an agricultural project that encourages investment, such project is exempted from land rent or water surface rent for the first 11 years from the date on which the State leases land or water surface and reduces 50% of land and water surface rent for the next 5 years.

đ) Enterprises with agricultural projects (especially investment priorities, investment priorities and investment encouragements) are leased land by the State to build houses for project workers, land for non-agricultural production establishments (land for construction of factories, warehouses, drying yards, roads, trees) including land permitted to be converted to other types of land specified in this Clause to serve that project, shall be exempted from land rent.

e) Newly established small and medium-sized agricultural enterprises are exempted from the State's land and water surface rent for the first 5 years from the date of completion of the project and put into operation and a 50% reduction in land and water surface rents for the next 10 years.

### **3. Land acquisition support**

a) Enterprises with agricultural projects with special investment priorities that rent or sub-rent land and water surface from households and individuals to implement investment projects are entitled to a funding support from the State, equivalent to 20% of the land and water surface rent for the first 5 years since the project is completed and put into operation; land rent and water surface rent as prescribed in Clause 1, Article 6 of this Decree.

b) Enterprises with agricultural projects (especially investment priorities, investment priorities and investment encouragement) receive capital contribution with land use rights of households and individuals to form raw material areas supported by the State to build infrastructure in raw material areas with the support amount of 50 million VND/ha, but not more than 10 billion VND/project and do not have to change to land rent

for the land area receiving capital contribution in the form of land use rights.

c) Enterprises that gather land in the forms specified in Clauses a and b shall be supported by the State equal to the total supports prescribed in each of the above-mentioned clauses.

d) During the land rent period of enterprises investing in agriculture and rural areas, the State does not adjust land use master plans and plans that affect the project. Except for cases where the State recovers land according to the provisions of Articles 61 and 62 of the Land Law and special cases where land use plans and master plans must be adjusted according to the provisions of Clauses 1 and 2, Article 46 of the Land Law.

đ) Enterprises are encouraged to use agricultural land and aquaculture land to build agricultural product processing factories, accompanied with infrastructure (storage, headquarters, internal roads, waste treatment system). Procedures for changing the purpose of land use and construction shall comply with the provisions of the Land Law and the Construction Law.

#### **4. Access to credit support**

a) Enterprises with investment projects in agriculture and rural areas are supported by the local budget with interest rates on commercial loans after the project is completed as follows:

- Support amount: Equal to the difference between the commercial loan interest rate versus the State's credit interest rate favored for investment and calculated on the actual debt balance at the time of considering the support dossier.

- The period of interest rate support is calculated from the date of disbursement under the credit contract with the commercial bank:

- + Up to 8 years for agricultural projects with special investment priorities; up to 06 years for agricultural projects with investment priorities; maximum 05 years for agricultural projects with investment encouragement. In the case of a project of a newly established small and medium-sized agricultural enterprise, the interest rate support period is 08 years.

- + For projects in which enterprises participate in value chain linkage,

interest rate support will be applied according to the production cycle of the product.

- Loan limit with interest rate support: Not more than 70% of the total investment of the project.

- b) Works built on land (including net houses, greenhouses, membrane houses and irrigation works) of investment enterprises are counted as collateral for loans at commercial banks.

## **5. Supporting the enterprises in research, transfer and application of hi-tech agriculture**

- a) Providing financial support to carry out scientific research themes, purchase technology copyrights, purchase technology or purchase results of scientific research and technological development to create new products, improve technology, technology to minimize environmental pollution, technology to save raw materials, fuel, and energy:

- Support level: 80% of the investment cost, but not more than 300 million VND/theme/copyright/technology.

- Support conditions:

- + Enterprises have revenue in the previous year at least 10 times as much as the support level.

- + The copyrights and technologies the enterprise proposes to purchase must be consistent with the production development orientation of the registered enterprise.

- + In case the scientific research theme is applied in practice, the payment will be equal to the support level; In case it is not applied in practice, it will be paid by 50% of the support level.

- b) Supporting enterprises to carry out pilot production projects in service of applying new and high-tech technologies and producing new products:

- Priority is given to enterprises participating in and administrating science and technology projects and tasks (hereinafter referred to as projects) using the state budget.

- + Enterprises are invited to participate in coordination in implementing the contents of the science and technology projects or building models under the science and technology tasks deployed in the localities where the enterprises have registered their business;

+ Proposals to order projects of enterprises that are considered for priority and approval for implementation are implemented in the form of selection or direct delivery;

+ Enterprises with rare genetic resources are given priority to implement national gene fund projects to develop into commercial products.

- Support level: 70% of the budget for performing tasks for agricultural projects with special investment priorities and 50% of the budget for agricultural projects with investment priorities and agricultural projects with investment priorities but no more than 01 billion VND.

- Support conditions:

+ Projects on production of experimental products, high-tech products, and new products with a written agreement of the scientific management agency at the ministerial level or the People's Committee of the province.

+ The task of proposing support has content consistent with the business and production development orientation of the enterprise.

c) Enterprises are assigned to have full ownership of scientific research and technological development results after scientific and technological tasks are accepted and prioritized to deploy scientific and technological products:

- Enterprises in charge of science and technology topics and projects funded with the state budget may select and create plant and animal varieties upon the completion of the acceptance project with a pass or higher level and be allowed to be implemented and replicated for a period of 3 years from the completion of the acceptance project.

- Enterprises in charge of science and technology topics, projects using the state budget to create new products that are accepted by the market, when completing the task of testing and taking over, they are allowed to be deployed and replicated within 2 years from the completion of the acceptance project.

- Enterprises in charge of science and technology topics, projects funded by the state budget, have laboratories that meet ISO/IEC 17025 standards, and test results on product standards of enterprises are

accepted when registering for circulation of products at specialized agencies.

d) Enterprises with projects on plant propagation using tissue culture technology are supported as follows:

- Support level of 80% of investment funds to build infrastructure, equipment and environmental treatment, but not more than 05 billion VND/project.

- Conditions of support: Scale from 01 million trees/year or more. In case the project scale increases, the support level will increase accordingly but not exceeding 10 billion VND/project.

d) Enterprises having projects on production of plant varieties, animal breeds, aquatic breeds, trial planting of new plants of high economic value, approved by the provincial People's Committee, are supported with 70% of funds to build infrastructure, equipment and environmental treatment, seedlings but not more than 03 billion VND/project.

e) Enterprises investing in hi-tech agricultural zones, regions and projects are supported up to 300 million VND/ha to build infrastructure, equipment and environmental treatment.

## **6. Supporting human resource training, market development**

a) Enterprises with agricultural projects with special investment priorities, investment priorities and investment promotions are supported by the state budget as follows:

- Supporting enterprises that directly provide vocational training for employees with the support level of 02 million VND/month/employee, the support period is 03 months.

In case enterprises participating in value chain linkages are supported with funding to organize training and technical guidance for farmers, the support level is 500,000 VND/farmer participating in training. Support period is 3 months.

- Supporting 50% of advertising costs, branding of national and provincial key products; 50% of the funds for participation in domestic and foreign exhibitions and fairs shall be approved by competent authorities.

b) The supports mentioned in Clause a shall be made according to the investment project. The total amount of support for a project is not more

than 10% of the total project investment and not more than 01 billion VND.

c) Supporting a business to build and manage an electronic information site "National Farmers Market".

- Support conditions:

+ Enterprises have at least 05 years of experience in the field of e-commerce and have collateral assets of at least 10 billion VND.

+ The website "National Farmer's Market" is built in at least 03 languages (Vietnamese, English, Chinese) and committed to maintain operation for at least 10 years. Product information of enterprises is maintained for at least 03 years.

+ The State begins to support when at least 500 businesses have posted their products on the website.

- Support level: The State supports enterprises with national electronic website of VND 5 million/enterprise whose products have been posted on national website. Total support is not more than 05 billion VND.

- In case many enterprises want to participate in building the national agricultural product transaction website, the selected enterprise shall be made through the form of bidding.

d) Enterprises investing in agriculture and rural areas have the right to actively purchase agricultural materials from farming and planting to put them into storage and processing according to the standards of the enterprises.

Agricultural products from farming and growing can be freely circulated on the market, state agencies must not have administrative procedures for certifying the origin of raw materials and other administrative procedures that cause difficulties for exploitation and transportation, consumption and exportation of agricultural products, except for cases related to national security and epidemics dangerous to public health as prescribed in specialized laws.

**7. Supporting investment in following areas: Preserving and processing of agricultural products; slaughtering cattle and poultry; manufacturing equipment, components, agricultural machines; producing auxiliary products**

a) Enterprises with investment projects in agricultural product processing establishments; slaughterhouse; establishments manufacturing equipment, components and agricultural machines; Ancillary product manufacturing establishments shall be supported by the state budget as follows:

- Support for agricultural product processing establishments, livestock and poultry slaughterhouses: 60% of the investment budget and not more than 15 billion VND/project to build infrastructure for waste treatment, transportation, electricity, water, workshop and equipment purchase inside the project fence.

- Support for manufacturing facilities, mechanical factories to manufacture equipment, components, agricultural machines and auxiliary product factories: 60% of the investment cost and not more than 05 billion VND/project for the infrastructure construction of waste treatment, transportation, electricity, water, factories and purchased equipment inside the project fence.

- Investment projects on processing agricultural products must ensure that the value of the processed product increases at least 1.5 times compared to the value of the original raw materials.

b) Support to preserve agricultural products

Enterprises with investment projects in agricultural product preservation facilities (including drying, irradiation, sterilization, freezing, biological preservation) are supported by the state budget as follows:

- Support level of 70% of investment costs but not more than 02 billion VND/project to build infrastructure for traffic, electricity, water, waste treatment, factories and purchase equipment.

- Support conditions:

- + The capacity of drying establishments for rice, corn, potato, and cassava and forest products must reach at least 100 tons of products/day; drying aquatic by-products must reach at least 50 tons of products/day.

- + Preserving vegetables, fresh fruits, tea, pepper and cashew nuts should reach 1,000 tons of stock; preservation and storage of plant varieties should reach a capacity of 100 tons of storage.

c) Support to purchase marine-service ships: Enterprises that buy ships



for fishing services at sea are supported by the state budget up to 60% of the cost, the support level is calculated by capacity: 30 million VND/ton tonnage (DWT); Minimum tonnage of ships is 200 DWT, support level is not more than 10 billion VND/ship.

d) In case an enterprise is formed under the provisions of Article 6 of Decree No. 118/2014/ND-CP dated December 17<sup>th</sup>, 2014 of the Government on arrangement, innovation and development, improving the operational efficiency of the agricultural and forestry company with the construction of processing factories specified in Clause 1 of this Article are supported to supplement infrastructure for raw material areas, the support level is 50 million VND/ha and not exceeding 05 billion VND /project judgment.

d) In case processed agricultural products specified at Point a, are recognized as a national key product, in addition to the support level specified in the above clauses, the project will receive an additional support of 03 billion VND for infrastructure investment.

### **8. Support to invest in dairy and beef cattle breeding facilities**

Enterprises with projects to invest in dairy and beef cattle breeding facilities are supported by the state budget as follows:

a) Support of 05 billion VND/project to build infrastructure for wastetreatment, transportation, electricity, water, factories and purchase equipment.

b) In addition to the infrastructure support specified in Clause a, if the enterprise imports and breeds high-yield cows to raise directly or in association with households, they will receive an additional support of 10 million VND/cow.

### **9. Supporting enterprises to provide public services and invest in agricultural and rural infrastructure**

a) Enterprises with projects to supply clean water to rural areas are supported as follows:

- Support of 03 million VND/m<sup>3</sup> /day and night capacity for newly built factory or 02 million VND/m<sup>3</sup> /day and night capacity for upgrading and renovating clean water factory.

- Support of up to 50% of the cost of the main pipeline leading to residential areas with 10 or more households.

b) The enterprise has a project to collect and treat daily-life solid waste; domestic wastewater in rural areas; Collecting and treating waste in craft villages and rural areas will be supported 60% of the cost of buying equipment and building a treatment system, the support level is not more than 05 billion VND/project.

c. Enterprises with aquaculture projects with a size of at least 05 hectares or more are supported 200 million VND/ha for infrastructure construction, water supply, drainage, and environmental treatment. The increase of farming area shall be in pair with the increase of support level accordingly. The level of support is not more than 10 billion VND/project.

d) Enterprises that have a project to build a port to serve the transportation of agricultural, forestry and fishery products, an anchorage area for ships, an advanced water-saving irrigation system, and an irrigation work to serve as irrigation services for agricultural production are entitled support 50% of investment funds according to projects approved by competent authorities. The level of support is not more than 20 billion VND/project.

đ) Support for the construction of social housing for employees: Enterprises investing in agriculture and rural areas with 100 or more employees working regularly at factories are supported to build houses for employees at the support level of 01 million VND/m<sup>2</sup> for houses of grade IV, and support level of 02 million VND/m<sup>2</sup> for house of 02 storeys or more.

e) Support outside the fence: Enterprises with investment projects in agriculture and rural areas, according to the provisions of this Decree, outside the project fence, if there are no roads up to grade V standards in mountainous areas, no electricity, no water supply and drainage system to serve the project, those enterprises will be supported with an additional 70% of the cost and not more than 05 billion VND for investment in the construction of the above items.

## RELATED LEGAL DOCUMENTS

- Investment Law No. 61/2020/QH14 dated June 17<sup>th</sup>, 2020;
- Decree No. 31/2021/ND-CP dated March 26<sup>th</sup>, 2021 of the Government detailing and guiding the implementation of a number of articles of the Investment Law;
  - Circular No. 03/2021/TT-BKHDT dated April 9<sup>th</sup>, 2021 of the Ministry of Planning and Investment stipulating the form of documents and reports related to investment activities in Vietnam, overseas investment from Vietnam, and investment promotion;
  - Decree No. 46/2014/ND-CP dated May 15<sup>th</sup>, 2014 of the Government regulating the collection of land rent and water surface rent;
    - Circular No. 77/2014/TT-BTC dated June 16<sup>th</sup>, 2014 of the Ministry of Finance guiding a number of articles of Decree No. 46/2014/ND-CP dated May 15<sup>th</sup>, 2014 of the Government on regulations on revenue land rent, water surface rent;
    - Decree No. 53/2011/ND-CP dated July 1<sup>st</sup>, 2011 of the Government detailing and guiding the implementation of a number of articles of the Law on tax on non-agricultural land use;
      - Circular No. 153/2011/TT-BTC dated November 11<sup>th</sup>, 2011 of the Ministry of Finance guiding non-agricultural land use tax;
      - Decree No. 134/2016/ND-CP dated September 1<sup>st</sup>, 2016 of the Government detailing a number of articles and measures to implement the law on import and export tax.
        - Decree No. 57/2018/ND-CP dated April 17<sup>th</sup>, 2018 of the Government on mechanisms and policies to encourage enterprises to invest in agriculture and rural areas;
        - Decree No. 118/2014/ND-CP dated December 17<sup>th</sup>, 2014 of the Government on arrangement, renewal, development and improvement of operational efficiency of agricultural and forestry companies that build processing factories./.