

# **Some New Key Points of the New Vietnam Investment Law 2020**

*(Regarding foreign investors)*

Law on Investment 2020

Law no.: 61/2020/QH14

Effective date: 01.01.2021

## INVESTMENT INCENTIVES

### Forms of incentives

Add new forms of incentives (Clause 1, Article 15)

**Accelerated depreciation, increasing the deductible expenses upon calculation of taxable income**

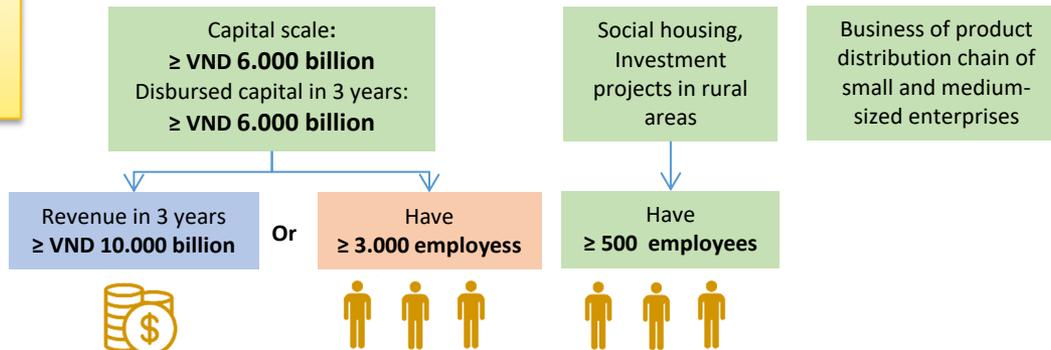


### Business lines given investment incentives

Add some business lines given incentives (Clause 1, Article 16)

### Beneficiaries of incentives

Add new beneficiaries of incentives (Article 16)



### Policies of incentives

The Government shall decide to apply **special investment incentives (\*)** to investment projects that exert significant socio-economic effects (Article 20)

Beneficiary	Capital scale	Minimum capital disbursed in 3 years
Projects on establishment (including the expansion of such establishment project) of innovation centers and research and development centers	≥ VND 3.000 billion	≥ VND 1.000 billion
Investment projects in the business line eligible special investment incentives	≥ VND 30.000 billion	≥ VND 10.000 billion



College education



Manufacturing of products from science and technology



Manufacturing of products on the List of prioritized supporting products



Manufacturing of medical equipment, storage of medicinal products



Manufacturing of goods and provision of services for the purposes of creating or participating in value chains and industrial clusters

\* Levels of incentives and time limit for application of special incentives are prescribed by the Law on Corporate Income Tax and the Law on Land.

## FOR FOREIGN INVESTORS

### Business lines restricted to foreign investors

The Government shall promulgate a List of business lines restricted to foreign investors (Article 9), including:

Business lines not allowed in market access

Business lines allowed in market with conditions

### Conditions to establish a business entity

Before establishing a business entity, foreign investors must have a project that has been granted with Investment certificate and satisfy market access conditions as follows: (Article 22)

Ratio of foreign ownership

Forms of investments

Scope of investment

Capacity of the investor; partners participating in the investment activities

Other conditions based on specific regulations

### Ratio of foreign ownership

Business entities must satisfy the conditions and follow investment procedures applied to foreign investors in below cases: (Article 23)

Law on Investment 2014

Law on Investment 2020

Charter capital of foreign investors

**≥ 51%**

**≥ 50%**

### Conditions for capital contribution and share purchasing

Foreign investors are entitled to buy shares, contribute capital if satisfying below conditions: (Article 24)

Satisfy market access conditions (Article 9)

Ensure security and defense

Comply with regulations of land and conditions to get land use rights

## OTHER NOTABLE CHANGES

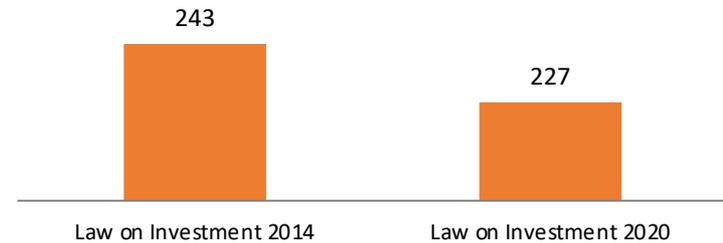
### Add banned business lines

Provision of debt collection services are banned (Article 6)



### Decrease number of conditional business lines

Number of conditional business lines  
(Article 6 and Annex IV)



### Conditions to grant investment certificate

For investment projects subject to investment policy approval  
(Article 30, 31, 32)

Not in banned business lines	Relevant to planning of the government
Have project location	Satisfy conditions about the investment per m2 or investment per employee (if have)
Satisfy market access conditions	

### Where to submit investment project dossiers

Regulations about where to submit dossiers (Article 34, 35, 36)

Authority to grant investment policy approval	Where to submit (Law on Investment 2014)	Where to submit (Law on Investment 2020)
The National Assembly	Investment registration authority	Ministry of Planning and Investment
Prime Minister	Investment registration authority	Ministry of Planning and Investment
The People's Committees of provinces	Investment registration authority	Investment registration authority

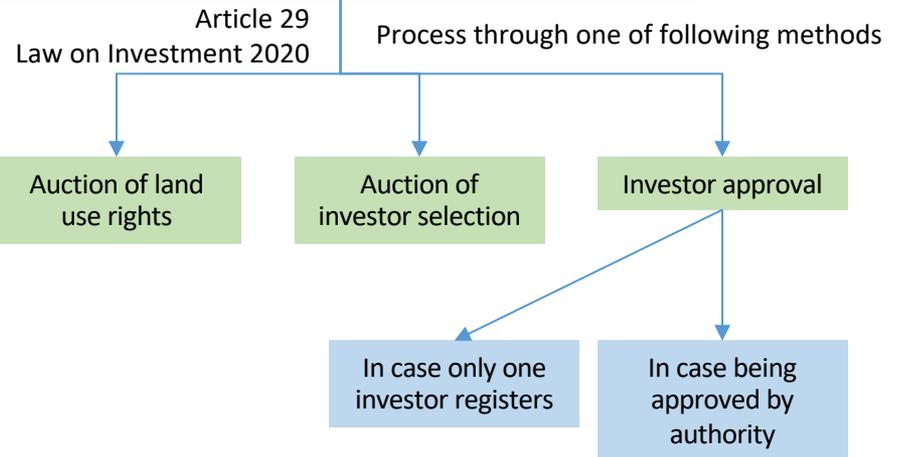
## OTHER NOTABLE CHANGES

### Abolish procedures for Extension of the project execution schedule

Allow requests to adjust project operation time (Article 44 Law on Investment 2020)

Upon expiry of the duration of an investment project, it may be extended but shall not exceed the maximum of granted duration

### Add regulations of investor selection

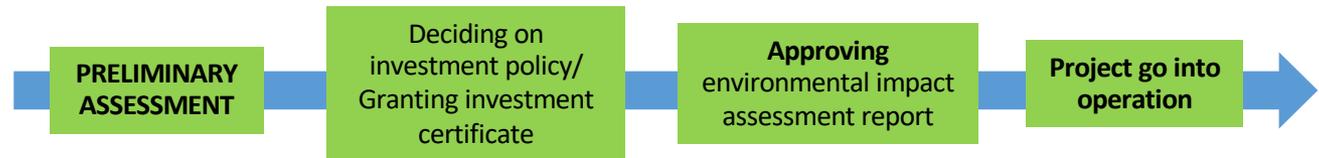


### Environmental impact assessment report

For projects that require environmental impact assessment (Article 33 and 50 Law on Investment 2020)

~~Must be approved before deciding on investment policy/certification~~

(Law on Investment 2014)



(Law on Investment 2020)