**CONDITIONS FOR ENJOYING TAX INCENTIVES OF FDI ENTERPRISES**

According to Article 15.2 of the Law on Investment 2020 to enjoy investment incentives in general and tax incentives in particular, FDI enterprises (foreign direct investment) need to meet one of the following conditions:

1. **Investment projects in business lines eligible for investment incentives or industries with special investment incentives**

Article 16.1 of the Law on Investment 2020 and Appendix II of Decree 31/2021/ND-CP stipulate the business lines eligible for investment incentives, including:

* High-tech activities, high-tech supporting industrial products, research and development activities, and production of products formed from scientific and technological results under the law on science and technology;
* Producing new materials, new energy, clean energy, renewable energy; produce products with the added value of 30% or more, energy-saving products;
* Producing electronic products, key mechanical products, agricultural machines, automobiles, auto parts; shipbuilding;
* Producing products on the list of supporting industry products prioritized for development;
* Producing information technology products, software, digital content;
* Cultivation and processing of agricultural, forestry, and aquatic products; planting and protecting forests; making salt; fishing and fisheries logistics services; production of plant varieties, animal breeds, and biotechnology products;
* Collect, treat, recycle or reuse waste;
* Investment in development, operation, and management of infrastructure works; develop public passenger transport in urban areas;
* Pre-school education, general education, vocational education, higher education;
* Medical examination and treatment; production of drugs, medicinal ingredients, drug preservation; scientific research on preparation technology and biotechnology for the production of new drugs; manufacture of medical equipment;
* Investing in physical training and sports facilities for people with disabilities or professionals; protect and promote the value of cultural heritage;
* Investing in geriatric and psychiatric centers, treating patients infected with agent orange; centers for the elderly, disabled, orphans, and homeless children;
* People's credit funds, microfinance institutions;
* Producing goods, providing services to create or participate in value chains, industry clusters.

1. **Investment projects in areas eligible for investment incentives**

Areas of investment incentives include:

* Areas with difficult socio-economic conditions, areas with extremely difficult socio-economic conditions (Appendix III of Decree 31/2021/ND-CP).
* Industrial parks, export processing zones, high-tech zones, economic zones.

1. **Investment projects with the capital scale of VND 6,000 billion or more**

* Disburse at least VND 6,000 billion within 03 years from the date of issuance of the Investment Registration Certificate, the Decision on approval of investment policy, and the investor's approval (for projects not subject to the issuance of an Investment Registration Certificate) or an Investor Approval Decision (for projects not subject to the issuance of an Investment Registration Certificate);
* Having a total turnover of at least VND 10,000 billion per year within 03 years at the latest from the year of turnover or employing 3,000 or more regular employees annually according to the provisions of the labor laws no later than 03 years from the year of revenue.

1. **Investment projects on construction of social housing, investment projects in rural areas employing 500 or more employees; investment projects employing people with disabilities by the provisions of the law on people with disabilities.**
2. **High-tech enterprises, science and technology enterprises, science and technology organizations**

* Projects with technology transfer on the list of technologies encouraged for transfer by the law on technology transfer;
* Technology incubators, science, and technology business incubators according to the provisions of the law on high technology, the law on science and technology or;
* Enterprises produce and supply technology, equipment, products, and services to meet the requirements of environmental protection according to the provisions of the law on environmental protection.

1. **Innovative start-up investment projects, innovation centers, research and development centers.**
2. **Investment and business in the product distribution chain of small and medium enterprises or; business investment in technical facilities to support small and medium-sized enterprises, small and medium-sized business incubators; invest in the business in the co-working space to support small and medium-sized enterprises and start-ups under the provisions of the law on supporting small and medium-sized enterprises.**

***FDI enterprises need to note:***

* Investment incentives do not apply to projects:
* Investment projects on mineral exploitation;
* Investment projects on production and trading of goods and services subject to special consumption tax, except for projects on production of cars, aircraft, and yachts;
* Investment projects to build commercial houses under the law on housing.
* Investment incentives are applied to new investment projects and expansion investment projects.

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