

Special Alert

Indochinecounsel.com | February 2025

Key Insights into Decree 182 on the Support Fund for High-tech Enterprises and R&D Projects

Overview

Effective from 31 December 2024, Decree 182/2024/ND-CP ("**Decree 182**") introduces comprehensive regulations governing the establishment, management, and utilization of the Investment Support Fund (the "**Fund**"). The decree outlines clear principles for evaluating and approving financial support, defining eligibility criteria, procedures and conditions to ensure a transparent, efficient and equitable allocation of resources for high-tech enterprises and R&D projects.

Principles for Application and Approval

- **Eligibility & Compliance:** The Fund will provide expense support only for enterprises meeting Decree 182 conditions. Misuse leads to reimbursement, interest, and administrative penalties.
- **Fund Limitations:** Support cannot exceed the Fund's financial capacity.
- **Approval Process:** Based on proposals from provincial authorities and enterprises, the Fund Management Council evaluates and submits for Government approval, considering economic priorities & budget availability.
- **Budget Allocation:** Provincial authorities and the Fund Management Council approve support amounts for each enterprise within the allocated budget.
- **No Double Funding:** Enterprises must choose one support source for the same cost item, unless otherwise specified by the Government or determined by the Prime Minister.
- **Support Selection:** Enterprises eligible for both annual & investment support must select only one.
- **Tax Exemption:** Support from Fund is not subject to corporate income tax.

Eligible Entities and Support Conditions

Decree 182 defines two primary types of support from the Fund: annual expense support and initial investment expense support. Below is a detailed breakdown of the eligibility criteria, specific conditions for each category:

Annual Expense Support

- **High-tech enterprises:** Investment capital of at least VND12,000 billion or annual project revenue of at least VND20,000 billion; **or** for chip industry, semiconductor integrated circuits, AI data centers: Investment capital of at least VND6,000 billion or revenue of at least VND10,000 billion.
- **Enterprises with investment projects for the production of high-tech products¹:** Investment capital of at least VND12,000 billion or annual project revenue of at least VND20,000 billion; **or** for chip industry, semiconductor integrated circuits, AI data centers: Investment capital of at least VND6,000 billion or revenue of at least VND10,000 billion.
- **Enterprises with projects applying high technology:** Investment capital of at least VND12,000 billion or annual project revenue of at least VND20,000 billion; **or** for chip industry, semiconductor integrated circuits, AI data centers: Investment capital of at least VND6,000 billion or revenue of at least VND10,000 billion.
- **Enterprises with R&D Center Investment Projects:** Investment capital of at least VND3,000 billion, with a minimum of VND1,000 billion disbursed within three years from the issuance date of Investment Approvals; the R&D Center must be registered as a science and technology organization and operate in areas included in the prioritized high-tech or product lists issued by the Prime Minister; **and** beneficiaries must have no overdue tax liabilities or Government budget debts at the time of application submission.
- **Notes for the first three aforementioned Eligible Entities:**
 - Exemptions for Strategic Technologies: Enterprises developing groundbreaking high-tech or high-tech products prioritized by the Government are exempt from investment or revenue thresholds.
 - Integrated Circuit Design Projects: Enterprises involved in microchip design must commit to employing at least 300 Vietnamese engineers within five years and annually support the training of 30 high-quality engineers.
 - Revenue Accounting: The revenue condition is determined based on the revenue for the financial year in which the support is requested. The revenue from the project receiving support must be accounted for separately.
 - Tax and Budget Compliance: Beneficiaries must have no overdue tax liabilities or Government budget debts at the time of application submission.

¹ Enterprises with investment projects for the production of high-tech products are enterprises meet criteria guided by the Minister of Science and Technology, have proceed with and obtain certification on project for manufacturing high-tech products.

- Specific Disbursement Timelines: Depending on the nature of the project (new or amendment to increase the capital), enterprises must meet or commit to meet disbursement milestones, such as: completing VND 12,000 billion (or VND 6,000 billion for chip industry, semiconductor integrated circuits, AI data centers) within 5 years from the issuance date of Investment Approvals², **or** completing VND 10,000 billion (or VND 4,000 billion for chip industry, semiconductor integrated circuits, AI data centers) within 3 years from the issuance date of Investment Approvals.

Initial Investment Expense Support

Enterprises with R&D Center Investment Projects in Semiconductor and AI Industries who satisfy the following conditions:

- No overdue tax liabilities or debts to the state budget at the time of application;
- Must comply with all conditions applied to R&D Center Investment Projects who wish to receive Annual Expense Support; **and**
- The project must positively contribute to the innovation ecosystem and development of breakthrough technologies and products.

Support Level

Annual Expense Support

- **Training and workforce development costs:** Up to 50% of the expenses incurred during the financial year of the project and actually spend for Vietnamese employee.
- **Research and development costs:** Depending on the type of enterprise eligible for support, the level of support is calculated on a progressive basis according to specific support rates.
- **Investment costs for creating fixed assets:** Calculated based on the rates specified in Decree 182, calculated on the original value of fixed assets that the enterprise has actually invested in and increased during the financial year in which support is requested. However, the maximum support amount in one year shall not exceed 0.5% of the total investment capital specified in the Investment Decision.
- **Costs for manufacturing high-tech products:** Calculated at the rate specified in Decree 182, calculated on the value-added production of the products.
- **Investment costs for social infrastructure projects:** Up to 25% of the actual expenses incurred and disbursed during the financial year for the construction of social infrastructure projects directly serving the enterprise's workforce.
- **Other cases:** As decided by the Government.

Initial Investment Expense Support

² Investment Approvals include the Decision on Investment Policy Approval, the Decision on Investor Approval, the Investment Registration Certificate, or other equivalent legal documents.

- Up to 50% of initial investment costs for the project.
- The Government reserves the right to approve a **different level of support** as deemed appropriate.

Support Period

Annual Expense Support

- Support for costs applies from the first fiscal year in which revenue is generated, and eligible costs are incurred.
- For the first year of being granted the High-Tech Certificate³: supported costs are those incurred throughout that entire fiscal year.
- Each enterprise is eligible for support for a maximum of **five years**, with possible extensions subject to the decision of the Prime Minister.

Initial Investment Expense Support

- A one-time payment or annual payment over several years.

Process Overview

- **For enterprises with operational projects:** Application shall be submitted to the Management Board of Economic Zones, Industrial Parks, or High-Tech Parks (for projects located in these zones), or to the Provincial Department of Planning and Investment (for projects outside these zones). The receiving authority will lead the evaluation of application and report to the Provincial People's Committee. The application will then be reviewed by the competent authorities before the Government makes the final decision on the amount of support granted.
- **For enterprises not yet operational or eligible for initial investment expense support:** Application shall be submitted to the Ministry of Planning and Investment. The Fund's managing authority will receive, process the application, and lead the evaluation of the enterprise's expense support request.
- **Deadline for the application submission:** Before July 10 of the year following the fiscal year, request for support.

Key Notes for Investors

³ High-Tech Certificate include High-Tech Enterprise Certificate, Certificate of High-Tech Application Activities, Certificate of Newly Established Enterprise from a High-Tech Product Manufacturing Project, Certificate of Investment Project for High-Tech Product Manufacturing, or Certificate of Investment Project for a Research and Development Center.

Investors seeking to benefit from the Fund should keep the following in mind:

- **Plan early and act:** Prepare a comprehensive review of the project to ensure alignment with the eligible entities and conditions outlined in Decree 182. Assess the enterprise's ability to meet the requirements for applying for various types of support. Identify any issues that could impact eligibility, such as missing required certificates, and address them promptly.
- **Leverage expertise:** Consult with legal and financial advisors to navigate procedural requirements effectively.
- **Monitor deadlines:** Adhere to submission timelines once the requirements are met to avoid delays or missed opportunities.

Conclusion

Decree 182 represents a significant advancement in establishing a legal framework for government investment support to businesses in the high-tech sector and those with projects focused on research and development centers in Vietnam. By offering targeted support to eligible entities, the Decree fosters sustainable growth and innovation. For businesses and investors, understanding the application process and criteria is essential to fully capitalize on the opportunities provided by this framework.

For tailored legal guidance, Indochine Counsel is available to assist with applications and compliance matters.

About Indochine Counsel

Established in October 2006, Indochine Counsel is a leading commercial law firm in Vietnam. Our firm is ideally positioned to assist international investors and foreign firms to navigate the legal landscape in one of Asia's most dynamic and challenging countries. We also take pride in our services offered to domestic clients in searching for opportunities abroad. With over 45 lawyers many of whom have been trained abroad and staffs in two offices, Ho Chi Minh City and Hanoi, Indochine Counsel offers expertise in a dozen practice areas and provides assistance throughout the entire life cycle of your business.

Indochine Counsel represents and advises clients on all legal aspects in the following major areas of expertise:

- Anti-trust & Competition
- Banking & Finance
- Corporate & Commercial
- Energy, Natural Resources & Infrastructure
- Intellectual Property
- Inward Investment
- Labour & Employment
- Litigation & Dispute Resolution
- Mergers & Acquisitions
- Real Estate & Construction
- Securities & Capital Markets
- Technology, Media & Telecommunications

A full list of partners, associates and other professionals is available on our website. |

Contact Us

For further information or assistance, please contact the following Indochine professionals:



Pham Thi Thanh Lan

Partner | | Co-Head of Corporate
and M&A

E lan.pham@indochinecounsel.com



Nguyen Thi Thanh Truc

Associate | Head of Investment &
Corporate Services

E truc.nguyen@indochinecounsel.com

Ho Chi Minh City

Unit 305, 3rd Floor, Centec Tower
72-74 Nguyen Thi Minh Khai, District 3
Ho Chi Minh City, Vietnam

T +84 28 3823 9640

F +84 28 3823 9641

E info@indochinecounsel.com

Hanoi

Unit 705, 7th Floor, CMC Tower
Duy Tan Street, Cau Giay District
Hanoi, Vietnam

T +84 24 3795 5261

F +84 24 3795 5262

E hanoi@indochinecounsel.com

www.indochinecounsel.com

This Special Alert is designed to provide our clients and contacts with general information of the relevant topic for reference only, without the assumption of a duty of care by Indochine Counsel. The information provided is not intended to be nor should it be relied upon as a substitute for legal or other professional advice.

© 2025 Indochine Counsel | All Rights Reserved.