# LEGAL UPDATE

# VOL 62, January 2025

**Dear Valued Clients and Partners,**

**ADK Vietnam Lawyers would like to introduce to you the Legal Update vol 62 of January 2025 with the following main contents:**

# New regulations on the Investment Support Fund

# On December 31, 2024, the Government officially issued Decree No. 182/2024/ND-CP (“Decree 182”), marking a significant milestone in the nation’s journey toward high-tech development. Decree 182 provides for the establishment, management, and use of the Investment Support Fund—a cutting-edge financial instrument aimed at empowering high-tech enterprises.

# *What is the Investment Support Fund?*

# The Investment Support Fund (the “Fund”) is a national fund established by the Government and managed by the Ministry of Planning and Investment. It operates on a non-profit basis and does not seek to preserve its financial capital.

# *Scope of entities*

The Fund provides support to the following: (i) High-tech enterprises; (ii) Enterprises with investment projects in high-tech product manufacturing; (iii) Enterprises with projects applying high technology; and (iv) Enterprises with investment projects in research and development (R&D) centers.

# *Criteria and conditions for support*

# *Regarding Capital Scale and Revenue Requirements:*

# Investment projects must have a minimum capital of VND 12,000 billion or an annual revenue of at least VND 20,000 billion;

# Projects in chip manufacturing, data centers, and artificial intelligence require a minimum capital of VND 6,000 billion or annual revenue of at least VND 10,000 billion;

# Microchip design projects have no capital requirement but must commit to employing 300 Vietnamese engineers and training 30 high-quality engineers annually;

# Projects in prioritized high-tech sectors are not bound by capital or revenue thresholds.

# *Funding Disbursement Conditions:*

# New projects must disburse at least VND 12,000 billion (or VND 6,000 billion for chip/data center projects) within five years or a lower amount within three years;

# Existing projects must meet similar disbursement benchmarks, subject to capital adjustments.

* *Revenue Conditions:* Revenue from high-tech projects must be accounted for separately and meet financial year revenue criteria for support eligibility.

# *For R&D Centers:*

# Minimum investment capital of VND 3,000 billion, with at least VND 1,000 billion disbursed within three years;

# Activities must fall under prioritized high-tech development sectors.

# *Maximum support levels*

Support levels may cover up to 50% of actual costs incurred during the financial year for activities such as R&D, workforce training, and product development. Enterprises in chip manufacturing, semiconductor integrated circuits, and artificial intelligence may receive up to 3% of added production value if all conditions are met.

Decree 182 not only brings short-term benefits but also lays the groundwork for the sustainable development of Vietnam's economy. By investing in workforce training, innovation, and the high-tech ecosystem, Decree 182 enables Vietnamese businesses to compete effectively in international markets. Moreover, these policies facilitate deeper integration into global value chains, attract foreign direct investment (FDI) into high-tech sectors like semiconductors and AI, and ensure compliance with Global Minimum Tax rules. This is a pivotal step toward establishing Vietnam as a regional high-tech hub and a leader in the digital era.

**Decree 182/2024/ND-CP takes effect from the date of signing (December 31, 2024).**

# Official Legal Framework for Data Management

# At its 8th Session on November 30, 2024, the National Assembly approved the 2024 Data Law (“Data Law”).

# The Data Law, consisting of five chapters and 46 articles, emphasizes the establishment of a National Integrated Database as a "shared resource" for ministries, sectors, and localities. Data will be collected, updated, and synchronized to enhance the efficiency of public online services and support the development of digital technology platforms.

# *Scope of Regulation*

# The Data Law regulates the entire lifecycle of data, including collection, storage, sharing, analysis, encryption, cross-border transfer, and provision to state agencies. Notably, the law expands its scope to cover data-related products and services for the first time, such as: (i) Data Intermediary Products and Services (facilitating data exchange agreements); (ii) Data Analysis and Aggregation Products and Services (providing in-depth information); and Data Platforms (supporting research, innovation, and data transactions).

# *Scope of entities*

# The law applies to Vietnamese individuals, organizations, and agencies, as well as foreign entities engaged in digital data activities related to Vietnam. For the first time, it recognizes the "rights of data owners over their data" as a form of property rights under civil law, granting data owners (individuals or organizations with decision-making authority over data they own) full control and exchange rights over their data. The law also introduces the role of “data manager,” who manage and operate data on behalf of data owners, and sets forth obligations for data owners, managers, and providers of data-related products and services.

# *Key Provisions*

# *Provision of data to state agencies:*

# Organizations and individuals, both domestic and foreign, are encouraged to provide data under their ownership to state agencies. In certain cases, the provision of data to state agencies is mandatory without requiring the data subject’s consent, provided that the data is used properly, securely, and deleted when no longer necessary, including:

# Responding to emergencies;

# Addressing threats to national security that do not yet warrant declaring a state of emergency;

# Disasters;

# Preventing and combating riots or terrorism.

# *Cross-border data transfer:*

# In principle, cross-border transfer and processing of data are permitted. However, the transfer of core or critical data abroad must comply with regulations ensuring security, public interest, and data rights.

# *Risk management in data processing:*

# State agencies are responsible for establishing early warning mechanisms and developing measures to protect data. Data controllers must self-assess, identify, and mitigate risks while promptly notifying relevant parties. For core and critical data, data controllers are required to periodically evaluate risks and notify specialized authorities under the Ministry of Public Security, Ministry of National Defense, and other relevant entities to ensure data safety and security.

# *Data products and services business:*

# Data products and services include intermediary data services, data analysis, data aggregation, electronic authentication, and data exchange platforms.

# Providers of data intermediary, analysis, and aggregation services enjoy incentives similar to those offered to high-tech, innovative, and digital industries and may be eligible for support from the Investment Support Fund under Decree 182/2024/ND-CP if conditions are met.

# Providers of Intermediary data products and services must register their activities and comply with investment regulations, except for internal services.

# Providers of Data analysis and aggregation services must register if their activities pose potential risks to national security, public order, ethics, or public health.

# Notably, providers of Data platform services must be public service units or state-owned enterprises meeting specific conditions and obtaining licenses under the law. Detailed regulations will be issued by the Government.

**The Data Law 2024 will take effect on July 1, 2025**

# Key Changes in the 2024 VAT Law

# **On November 26, 2024, during the 8th session of the National Assembly, the Value-Added Tax (VAT) Law 2024, No. 48/2024/QH15 (“**VAT Law**”), was officially passed. This marks an important step in perfecting the tax legal system, aiming to enhance transparency and optimize efficiency in VAT management and collection. The VAT Law consists of 4 chapters and 18 articles, incorporating current regulations and adding key provisions to meet the requirements of socio-economic development in the new era, especially during the rapid growth of the digital economy.**

# *Expanding the scope of e-commerce and digital platform businesses*

Accordingly, certain businesses operating on digital platforms and engaging in e-commerce are still subject to VAT as follows:

* ***Foreign suppliers:*** These are foreign organizations without a permanent establishment in Vietnam, operating e-commerce or through digital platforms. The organization managing the digital platform in Vietnam that purchases services from foreign suppliers is responsible for withholding and remitting VAT on their behalf.
* ***E-commerce/digital platform managers:***Organizations which managing e-commerce exchanges or digital platforms with payment functions must withhold and remit VAT on behalf of individual businesses operating on these platforms is also subject to VAT declaration and payment. This move aims to enhance tax management and ensure fairness across business models.

# *VAT exemption for individual household businesses with annual revenue under VND200 million*

Under the new VAT Law, the threshold for VAT exemption for individual household businesses has been increased from VND 100 million to VND 200 million in annual revenue. This practical change aims to reduce administrative burdens and support the growth of small businesses.

This provision will take effect from January 1, 2026.

# *Additional conditions for input VAT deduction*

# The VAT Law removes the minimum invoice value (VND 20 million) required for the use of non-cash payment evidence. Instead, non-cash payment evidence becomes a mandatory condition for input VAT deduction on all goods and services purchased, except in some special cases as determined by the Government.

# For export goods and services, additional documents such as the export contract with the foreign party, invoices for goods and services, non-cash payment receipts, customs declarations, packing lists, waybills, and insurance documents (if any) are required for input VAT deduction.

# The Government will further specify the conditions for input VAT deduction in cases of goods exported via international e-commerce platforms and other specific cases, ensuring smoother operations for exporters using digital platforms and aligning legal provisions with the new economic era.

# *Resolving issues in input VAT deduction errors:*

# The provisions for handling errors in VAT input deductions have been revised in more detail, as follows:

* In case of errors that increase the payable tax or reduce the refundable tax, the taxpayer must file an amended declaration for the month/quarter in which the error occurred, pay the additional tax, or recover any refunded tax. Additionally, the taxpayer must pay any late payment fees (if any) into the state budget.

# In case of errors that reduce payable tax or only affect the VAT deductible in subsequent periods, the taxpayer must file an amended declaration for the month/quarter in which the error was discovered.

# The VAT Law will officially take effect on July 1, 2025

# We hope this Legal Update has a lot of useful information.

# Best Regards./.

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If you have or suspect that you may have a particular problem, you should contact us or your lawyer for specific advice on the matter.

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