

Tax Update

May 2025



RESOLUTION 198/2025/QH15 ON SPECIAL MECHANISMS AND POLICIES FOR PRIVATE ECONOMIC DEVELOPMENT

In order to institutionalize the directions and tasks set out by the Politburo in Resolution No. 68-NQ/TW dated 4 May 2025, on 17 May 2025, the National Assembly passed Resolution No. 198/2025/QH15 on a number of special mechanisms and policies for private economic development, applicable to enterprises, business households, business individuals and other relevant organizations and individuals. On the same day, the Government also issued Resolution No. 139/NQ-CP promulgating the Government's plan to implement Resolution 198/2025/QH15.

Some special support policies stated under Resolution 198/2025/QH15 are as follows:

1. Inspection and audit activities applicable to enterprises, business households and business individuals

- No inspection or audit – including interdisciplinary inspection will be carried out more than once in a year; in the same year, any aspect of state management that has been audited will not be inspected (or vice versa), except for cases where there are obvious signs of violation.
- Tax audit at taxpayers' premises are exempted for enterprises, business households and business individuals who have a good track record of compliance with the prevailing regulations.

2. Support for access to land and premises for production and business activities

- High-tech enterprises in the private economic sector, small and medium-sized enterprises, and innovative start-up enterprises are supported to have at least 30% reduction in land sublease payment within the first 05 years from the signing date of land lease contract with industrial park and, industrial cluster developers, and technology incubators.
- Land rental support levels will be decided by the provincial-level People's Committee and the relevant support amounts will be refunded to industrial park and industrial cluster developers, and technology incubators according to the Government's regulations.

3. Financial and credit support

- Interest rate subsidy of 2% per annum for enterprises in the private economic sector, business households and business individuals obtaining loans for implementation of green and circular projects and application of the environmental, social and governance (ESG) standard.

4. Tax, fee, and charge related support

Corporate Income Tax ("CIT")

- CIT exemption for 02 years and 50% CIT reduction in subsequent 04 years shall be applied to income from innovative start-up activities of innovative start-up enterprises, innovative start-up investment fund management companies, and intermediary organizations supporting innovative start-ups.

- CIT exemption for 03 years shall be applied to small and medium-sized enterprises, counting from the issuance date of initial enterprise registration certificate.
- Expenses incurred by large enterprises for conducting human resource trainings and re-trainings to small and medium-sized enterprises participating in the chain are deductible for CIT calculation purpose.

Personal Income Tax ("PIT")

- PIT exemption is applied to individual investors' income from transfer of shares, capital, capital contribution right, share purchase right, capital purchase right in innovative start-up enterprises.
- PIT exemption for 02 years and 50% PIT reduction in subsequent 04 years are applied to income from salaries and wages earned by experts and scientists from innovative start-up enterprises, research and development centers, innovation centers, and intermediary organizations supporting innovative start-ups.

Taxes applicable to business households and individuals

- Abolishing the poll tax payment method from 1 January 2026. Instead, business households and individuals shall pay taxes in accordance with the prevailing regulations on tax administration.

Business license fee and other fees and charges

- Abolishing the license fee from 1 January 2026.
- Organizations, individuals, and enterprises are exempt of fees and charges in applying for re-issuance of relevant documents due to restructuring and reorganization of the State administrative system.

5. Supporting research, development and application of science, technology, innovation and digital transformation

- Enterprises are allowed to allocate up to 20% of their CIT assessable income to establish a fund for science and technology development, innovation and digital transformation. This fund can be used either for in-house implementation or for outsourcing of research and development activities in science and technology and innovation based on product-based contracting mechanism.
- Enterprises are allowed to deduct 200% of the actual expenses incurred for research and development activities when calculating corporate income tax, in accordance with the Government's regulations.

6. Supporting the formation of medium and large-sized enterprises, pioneering enterprises

Expanding participation in national key and strategic projects

- The State expands the participation of private sector enterprises in national key projects via different forms such as direct investment, public-private partnership (PPP) or other cooperation models as prescribed by laws.
- Permits the application of procurement methods such as placement of orders, restricted bidding, direct contracting, or other appropriate forms in accordance with the prevailing laws and regulations applicable to strategic sectors, national key and strategic scientific research projects and tasks, high-speed rail and urban railway systems; foundational and spearhead industries; power infrastructure system, digital infrastructure, green transportation, national defense and security, and other urgent or emergency tasks, ensuring transparency, quality, timeliness, efficiency, and accountability.

Supporting the establishment and development of medium and large-sized enterprises, as well as private economic conglomerates of regional and global scale

- The State develops programs and allocates supporting budgets through the following initiatives:
 - A program to develop 1,000 pioneering enterprises in science and technology, innovation, digital and green transformation, high-tech industries, and supporting industries;
 - The "Go Global" program, aimed at supporting enterprises in accessing international markets through assistance in areas such as market access, financing, technology, branding, distribution channels, logistics, insurance, consulting, legal services, mergers and acquisitions, networking with multinational corporations, and resolving business and trade disputes.

7. Enforcement effect

- This Resolution shall take effect from the date of ratification by the National Assembly.
- The provisions of this Resolution shall take precedence in case of discrepancies on the same matter between this Resolution and other laws or resolutions of the National Assembly, except where other legal normative documents provide for more preferential or favorable mechanisms or policies.

Please contact KPMG for further consultancy on your interested matter.

Contact us

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