

LEGAL
ALERT

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Author

Trung Le
Associate
ZICOlaw Vietnam Limited
trung.le@zicolaw.com

Vietnam to soon pass new law on special administrative-economic zones

A draft law for building and developing special administrative-economic zones (“Draft Law”) was recently submitted to the National Assembly for public commentary and approval. It is hoped that this law, if approved, would spur the flow of foreign direct investment into Vietnam. The Draft Law is expected to pass in the 5th or 6th session of the 14th National Assembly.

Below are some of the highlights of the Draft Law:

1. Development of special administrative-economic zones

If approved, the Draft Law would make up the legal framework for building and developing special administrative-economic zones. There will be 3 special administrative-economic zones under the Draft Law, each of which maintains a focus on several specific industries.

The details of the 3 special administrative-economic zones and their respective industries are as follows:

- **Van Don** (Quang Ninh Province): high-technology, production of industrial products supporting high-technology, tourism and cultural industry, airport-relating services;
- **Bac Van Phong** (Khanh Hoa Province): information technology, electronic, mechanic, seaport services, tourism, and commerce and finance; and
- **Phu Quoc** (Kien Giang Province): tourism, international convention and exhibition centre, international commercial and shopping service, asset management service, healthcare.

Qualifying projects within any one of the 3 special administrative-economic zones will have access to several investment incentives such as preferential treatment for healthcare projects in Phu Quoc with a minimum investment capital of VND110 billion (approximately USD4.8 million).

2. Preferential duration of land use right

Production businesses within the 3 special administrative-economic zones will be entitled to a land use right of up to 70 years.

Depending on the scale and nature of the project however, investors may request the chief of the special administrative-economic unit to extend the duration of the land use to up to 99 years. Extended durations are ultimately at the Prime Minister’s discretion that the project’s objectives are consistent with the specialised industries of each special administrative-economic zone.

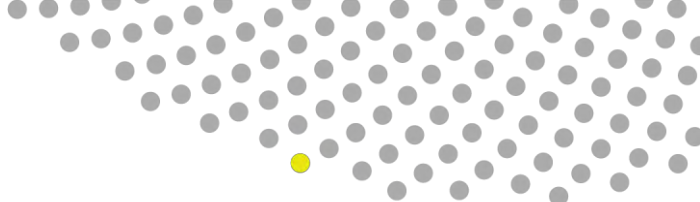
3. Taxes exemption

Subject to certain restrictions, tourists and Vietnamese citizens holding foreign passports may purchase tax-free goods within the tax-free zones of each special administrative-economic zone.

Equipment, machineries, spare parts and supplies are exempted from import tax if meant to create fixed assets.

Depending on the nature of the specific investment project in the special administrative-economic zone, corporate income tax preferential treatments may include:

- special tax rates of as low as 10% up to the full duration of the project;

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- tax exemptions of up to 4 years; and
 - 50% tax reductions of up to 9 years from the date where taxable income is generated.

Lastly, casino businesses may enjoy 10% preferential rates of special consumption tax within 10 years from the date when the revenue is generated.

4. **Immigration preferential treatment**

Foreigners and Vietnamese citizens who enter the special administrative-economic zones by air or sea on foreign passports are exempted from obtaining temporary stay visas for a maximum of 60 days.

If you have any questions or require any additional information, you may contact [Trung Le](#) or the ZICO Law partner you usually deal with.

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