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Lower corporate income tax rates and other incentives for small and medium enterprises

At a glance...

A lower corporate income tax rate and other incentives will be granted to small and medium enterprises, effective 1 January 2018. These will be applicable to both foreign invested and domestic SMEs.

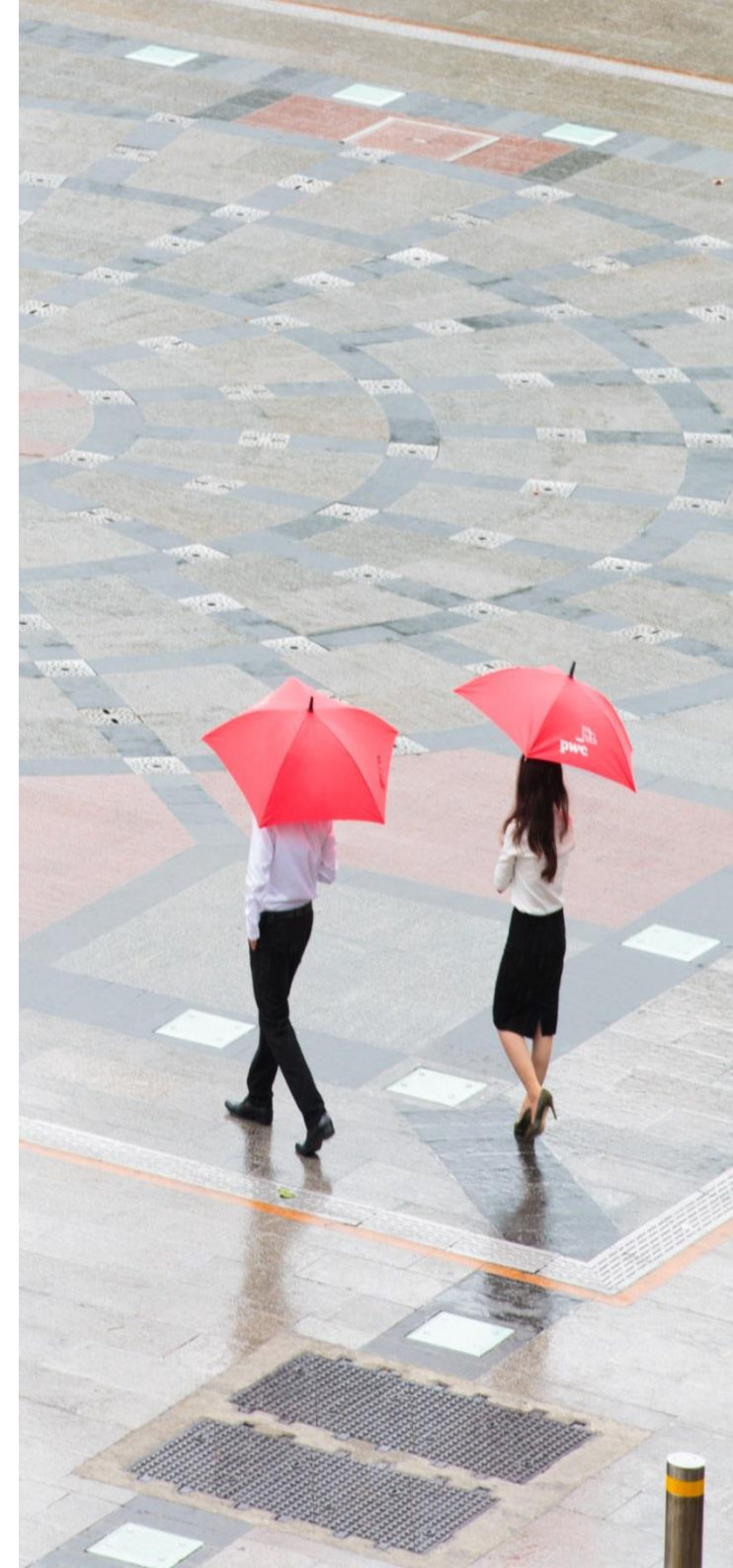
Law 04/2017/QH14, passed on 12 June, defines SMEs as enterprises having no more than 200 employees registered in the state social insurance scheme in a year, and which meet one of the following conditions:

- ✓ total “capital” (not defined) not exceeding VND100 billion.
- ✓ total revenue of the preceding financial year not exceeding VND 300 billion.

The key incentives provided by the Law include:

- SMEs will be entitled to a CIT rate lower than the standard rate for a finite period. The Law does not specify the rate or the period, but its previous draft in May proposed a rate lower by 5% for a maximum 5 years. The rate and period will thus be provided in a guiding regulation.
- CIT exemption and reduction are available to enterprises investing in distribution chains in which at least 80% SMEs supply goods produced in Vietnam.
- SMEs can apply a simplified accounting system as stipulated in the accounting regulations.
- SMEs can receive credit guarantees by a fund set up by provincial People’s Committees.
- Domestic SMEs located in industrial zones or high-tech zones can enjoy land lease support by provincial People’s Committees.
- Ministries and provincial People’s Committees must support and/or cooperate with SMEs in technology research and development, technology transfer/training/consulting, intellectual protection, or in establishment of common technology working units.
- SMEs can also receive support in human resource development and legal consultancy.
- Additional incentives can be granted to start-up SMEs and SMEs participating in value chains.

We would be pleased to discuss with you the implications of these changes for your businesses.



Contact us

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. For further information, please reach out to us:

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