

Criteria for high tech companies

At a glance...

On 16 March, the Government issued Decision 10/2021/QĐ-TTg setting out criteria for companies to be classed as “high tech”, which will be effective from 30 April 2021. This Decision applies to companies manufacturing high-tech products and providing high-tech services in Vietnam.

Some key points

Criteria to be determined as “high tech”

To be qualified as high-tech, companies are required to satisfy all of the conditions below:

1. Conditions under Points a and b Clause 1 Article 18 of Law on High Technology No. 21/2008/QH12 and amendments under Article 75 of Law on Investment No. 67/2014/QH13 and Clause 3 Article 76 of Law on Investment No. 61/2020/QH14. These include:
 - Manufacturing products which belong to the list of high technology products which are encouraged to be developed.
 - Applying environmental-friendly and energy saving solutions and ensuring product quality meets applicable standards or Vietnam technical requirements. If Vietnam does not have such standards or technical requirements, such companies need to meet international standards.
2. Certain criteria are introduced:
 - Revenues generated from high-tech products must account for at least 70% of total annual net revenues.
 - In broad terms, R&D spend must equal at least 0.5% to 2% of gross profit, depending on the total investment capital and total number of employees.
 - The ratio of employees directly participating in R&D activities, who are educated to college level or above, over the total number of employees should be at least 1% to 5%, depending on the total investment capital and total number of employees.

Transitional clauses

Companies which currently have applications pending for high-tech certification will be subject to the rules in this Decision.

Accordingly, companies which are or are planning on applying for high-tech enterprise certification should consider the new rules in this Decision.

Contact us

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