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Resolution 198/2025/QH15 - Tax
Incentives & Support for private
sector and innovative enterprises



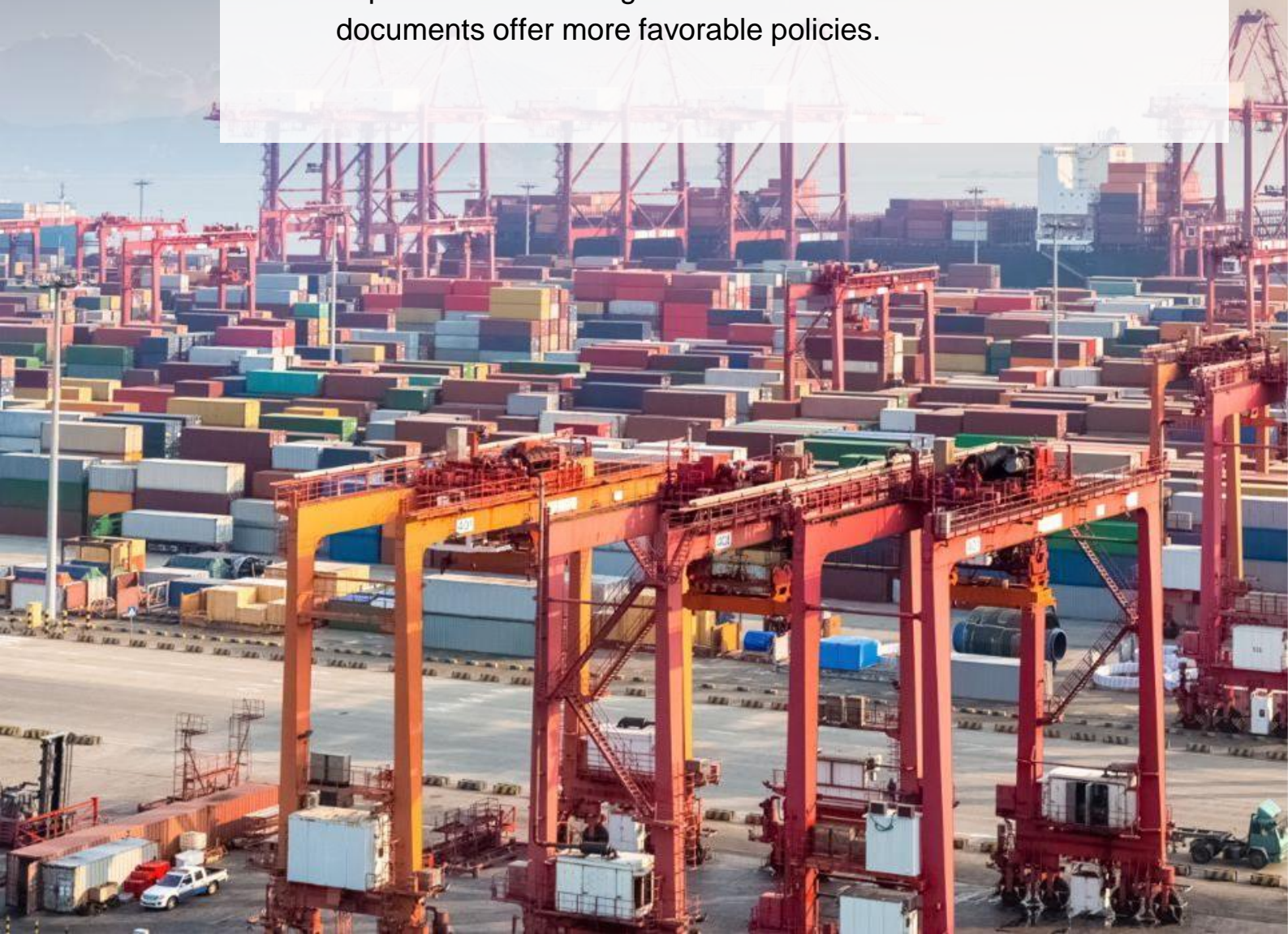
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At a glance...

Resolution 198/2025/QH15, passed by the National Assembly on 17 May 2025, introduces special mechanisms and policies to foster private economic development, targeting enterprises, business households, and individuals. This resolution aligns with the Politburo's directives outlined in Resolution 68-NQ/TW, dated 4 May 2025. The Government simultaneously issued Resolution 139/NQ-CP to implement Resolution 198, which took effect immediately upon ratification. Resolution 198 supersedes conflicting laws or resolutions unless other documents offer more favorable policies.



Limit audits, enhance protection for taxpayers

- Conduct audits no more than once a year; prioritize remote audits, using electronic data, exempting compliant taxpayers from on-site audits; one aspect which has been audited must not be inspected and vice versa (unless violations are evident).
- Prioritize civil and administrative measures over criminal proceedings.
- No retroactive application of laws that could disadvantage businesses.
- Uphold presumption of innocence during investigations, prosecutions, and trials. Authorities must promptly provide clear answers if doubts arise.
- Businesses that rectify their mistakes may receive lighter penalties.



Land rental support

- Offer at least a 30% reduction in land rental fees for high-tech enterprises, SMEs, and innovative startups operating in industrial parks, clusters, and technology incubators for the first five years.

Financial and credit support

- Provide a 2% annual interest rate reduction for green and circular projects meeting ESG standards.



Tax incentives

- Grant innovative startups, investment funds management company for innovative startups, intermediary organization supporting innovative startups a 2-year corporate income tax ("CIT") exemption followed by a 4-year 50% reduction.
- Newly registered SMEs enjoy a 3-year CIT exemption.
- Large enterprises can deduct training expenses for SMEs within their supply chains.
- Personal Income Tax ("PIT") and CIT exemptions apply to income from transfers of shares or capital related to innovative startups.
- Experts and scientists working for innovative startups, research and development center, innovation center, intermediary organization supporting innovative startups benefit from 2-year PIT exemption plus 4-year 50% PIT reduction.
- Abolish the deemed tax payment method (for business households and business individuals) and license fees from 1 January 2026.
- Waiving various fees for re-issuance of licenses and permits during state reorganization.



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

- Allow companies to establish relevant funds up to 20% of taxable income. Enterprises can deduct twice the actual expenses incurred for R&D activities for corporate income tax purpose.

Formation of medium and large-sized enterprises, pioneering enterprises

- Expand private sector involvement in national priority projects.
- Support the development of pioneering enterprises through programs like "Go Global" initiatives.



Support for small, micro, and individual businesses

- Provide free digital platforms, accounting software, and consulting services in legal, accounting, tax, and human resources.



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