

SOME PREFERENTIAL AND SUPPORTING POLICIES FOR INVESTMENT PROMOTION IN HIGH-TECH PARKS

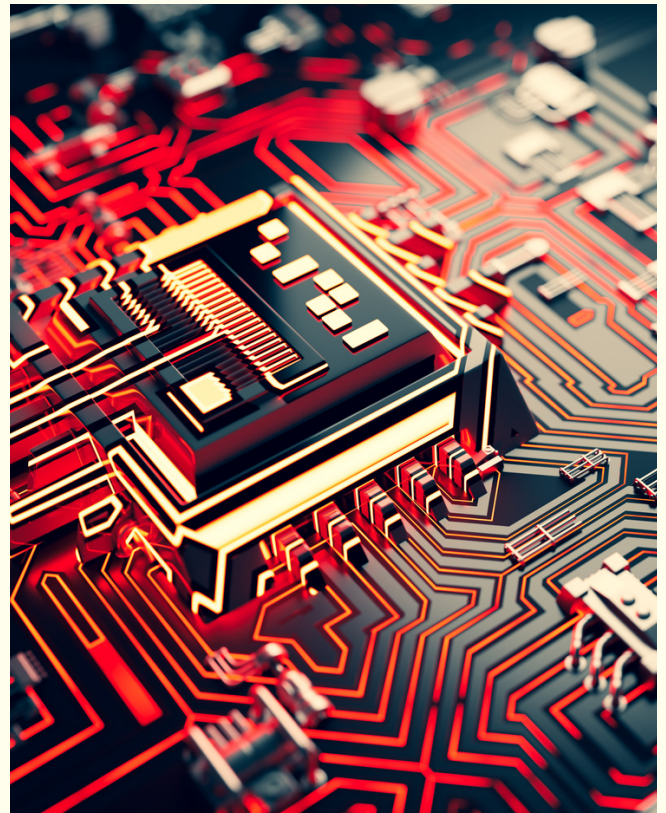
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On February 1, 2024, to solve some obstacles, create a more favorable legal background, and promote the development of high-tech parks, the Government issued Decree 10/2024/ND-CP on high-tech parks (**Decree 10**), replacing Decree 99/2003/ND-CP on high-tech park regulation and Article 112, Decree 31/2021/ND-CP (amending and supplementing some articles of Decree 99/2003/ND-CP). One of the outstanding contents of Decree 10 is the specific determination of three policy groups for high-tech park development, including (i) Group of policies on investment in construction and development of high-tech parks (section 1, Chapter III); (ii) Group of preferential and supporting policies for investment promotion (section 2, Chapter III); and (iii) Group of other policies (section 3, Chapter III). In particular, the preferential and supporting policies encouraging individuals and organizations to invest in high-tech parks are mainly regulated in group (ii) with five preferential policies and supporting mechanisms. Below are some typical contents of this policy group:

- *Preferential and supporting policies for investment projects in high-tech parks:* Decree 10 stipulates that preferential and supporting levels for investment projects and activities in high-tech parks are applied under regulations on investment, tax, land, credit, and other relevant laws. In addition, investors will be prioritized to participate in many support programs such as employee training and recruitment; technology transfer; innovation, innovative startups of small and medium enterprises; loan support;
- *Mechanism for encouragement of investment in construction and business of technical infrastructure:* According to Decree 10, organizations and individuals with experience and capacity in investment in construction and business of high-tech park infrastructure are encouraged to invest in construction and business of all/part of high-tech parks' technical

infrastructure system with preferential policies on exemption from land rent, refund of compensation and site clearance, and being given priority when borrowing capital, and implementing capital mobilization methods under the law;

- *Policy for development of social infrastructure for employees in high-tech parks:* Decree 10 regulates that investment projects, which are buildings of houses, service works, and public utilities directly serving employees in high-tech parks, are entitled to enjoy preferential and supporting policies in accordance with the regulations on social housing construction and other relevant laws. The Decree also stipulates the subjects who are allowed to rent, buy, or lease-purchase houses and accommodation facilities for employees working in high-tech parks (purchasing and renting houses only apply for housing areas built outside high-tech parks), in particular: (a) organizations being investors, individuals being experts, and employees working in the high-tech parks are allowed to rent houses during the working period in the high-tech parks; and (b) employees working in the High-Tech Park Management Board, experts and employees signing indefinite-term employment contracts with investors in high-tech parks are given priority in consideration for purchasing houses;



- *Policies for research activities on the development of high technology, high-tech incubation, high-tech business incubation, and high-tech human resource training:* Decree 10 provides several preferential policies for investment projects to build high-tech research and development facilities, high-tech incubation facilities, and high-tech business incubation facilities such as exemption from land rent, refund of compensation and site clearance under regulations on land rent collection in high-tech parks. In addition, high-tech incubators and high-tech business incubators, etc. shall receive grants, loan support, and loan guarantees from the National Technology Innovation Foundation and the Small and Medium-sized Enterprise Development Fund and other legal funds and sponsorship sources to perform activities under the law;
- *Policies for export processing enterprises in high-tech parks:* Besides preferential and supporting policies for investment promotion under Decree 10, export processing enterprises in high-tech parks specified in this Decree that meet (i) the conditions on custom inspection and supervision, and (ii) regulations applicable to non-tariff zones stipulated in the laws on import and export tax will be entitled to apply specific regulations on export processing enterprises operating in industrial zones, economic zones under the regulations on industrial zones and economic zones.

COMMENTS AND RECOMMENDATIONS

In summary, the specific determination of policy groups for the development of high-tech parks, including the preferential and support policies for investment promotion, is expected to create a favorable legal background to attract investment in high-tech park development in Viet Nam. Decree 10 has summarized and systematized preferential mechanisms and policies to help investors conveniently research and access the policies on development and investment in high-tech parks. Several preferential contents have also been supplemented to be more beneficial for investors such as land rent exemption for investment projects on construction and business of infrastructure, exemption from compensation and site clearance for investment projects to build high-tech research and development facilities, etc. Decree 10 will take effect from March 25, 2024. Individuals and organizations need to study this document to develop appropriate production and business plans and to ensure their rights when carrying out investment activities related to high-tech parks.