

## Notable points of Law on Digital Technology Industry

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Law on Digital Technology Industry No. 71/2025/QH15 (“**DTIL**”) was adopted by the National Assembly on 14 June 2025. Except for Articles 11, 28 and 29, which became effective on 1 July 2025, the DTIL will take effect on 1 January 2026.

For the first time, the DTIL has officially established a legal framework for the development of the digital technology industry (“**DTI**”), semiconductor industry (“**ST**”), artificial intelligence (“**AI**”), digital assets (“**DA**”) and clearly stipulates the rights and responsibilities of relevant agencies, organizations and individuals. Within the scope of this article, we would like to summarize some preferential and special mechanisms, policies and regulations in the DTIL, which may be of interest to enterprises engaged in investment and development activities in DTI:

### 1. Development of digital technology industry

#### 1.1. Incentives for research, development and application of digital technology

“*Digital technology*” (“**DT**”) defined by the DTIL as a collection of scientific methods, technological processes, and technical tools for producing, transmitting, collecting, processing, storing, and exchanging digital information and data, and digitizing the real world.

In order to promote research, development and application of DT, the DTIL provides that:

- (a) Organizations and enterprises may conduct **regulatory sandbox** of products and services applying DT in accordance with the laws on science, technology, and innovation, and the laws on DTI.
- (b) Research and development of DT products and services are eligible for **the highest incentives** in accordance with the laws on science, technology, and innovation; and digital transformation
- (c) Organizations and individuals engaged in DT research and development activities **shall be given priority and favorable conditions** to use equipment at national key laboratories, technology incubators, high-tech incubators, high-tech enterprise incubators, science and technology enterprise incubators, and scientific and technological research institutions of the State.
- (d) **Supplementary spending level** for enterprises’ expenditures for DT research and development shall be **increased** upon determination of incomes subject to corporate income tax (“**CIT**”), thereby helping enterprises reduce their payable CIT amounts.

#### 1.2. Support and investment incentives for production of digital technology products and provision of digital technology services

“*Digital technology industry*” is defined by the DTIL as an economic-technical sector based on the combination of science, technology, innovation, and digital transformation for creating DT products and services; it is the next development stage of information technology industry.

To develop the DTI, which is still very young in Vietnam, the DTIL clearly determines the subjects that are entitled to preferential and support policies, specifically as follows:

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- (a) The production of DT products and the provision of DT services is identified as belonging to **sectors and trades eligible for investment incentives**, which is entitled to incentives and support under the laws on investment, taxes, land, and other relevant laws.
- (b) The production of key DT products, provision of key DT services; production of software products; development of AI systems; research and development, design, production, packaging, and testing of semiconductor chip products, and the investment in the construction of AI data centers are identified as belonging to **sectors and trades eligible for special investment incentives**, which are entitled to incentives and support under the laws on investment, taxes, land, and other relevant laws.
- (c) Projects for production of key DT products; projects for research and development, design, production, packaging, and testing of semiconductor chip products; and projects for construction of AI data centers with large-scale investment **eligible for special investment incentives and support** under the Law on Investment shall be entitled to incentives in accordance with the laws on CIT, land, and other relevant laws.
- (d) Projects for production of key DT products; projects for research and development, design, production, packaging, and testing of semiconductor chip products; and projects for construction of AI data centers may receive **the State's direct support for the costs** of factory construction, technical infrastructures, and machineries and equipment from the development investment expenditure of the local budget in accordance with the laws on the State budget and other relevant laws.
- (e) Enterprises that implement projects for the production of key DT products; projects for research and development, design, production, packaging, and testing of semiconductor chip products; and projects for the construction of AI data centers are **entitled to preferential treatment** in accordance with the laws on customs.

1.3. Support and incentives for innovative startup projects in the digital technology industry

Innovative startup projects in the DTI are identified as operating in **sectors and trades eligible for special investment incentives**, thanks to which:

- (a) These projects are entitled to incentives and support under the laws on investment, taxes, land, and other relevant laws.
- (b) The funding for such projects is supported directly from the local budget in accordance with the Law on the State budget or from the DTI development program for the following activities: (i) Training for development of human resources for DTI; (ii) Attraction of high-quality human resources for DTI and talents in DT; (iii) Research and development; pilot production; (iv) Startup consultancy; (v) Technology acquisition and technology innovation.

1.4. Priority for investment in digital industry infrastructure

Investments in building DTI infrastructure are identified as belonging to **sectors and trades eligible for special investment incentives**, thanks to which:

- (a) These projects are entitled to incentives and support under the laws on investment, taxes, land, and other relevant laws.
- (b) The State prioritizes arranging budget capital sources for investment in building essential and shared infrastructure of DT, including: (i) Establishments of research, design, and pilot production of DT products and services; (ii) National shared key laboratories of DT; (iii) Establishments of measurement, testing, and assessment of DT products and services; (iv) Data centers; (v) Concentrated digital technology zones ("**Concentrated DTZ**"); (vi) Other shared or essential infrastructure for DT.

1.5. Incentives for concentrated digital technology zones

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“Concentrated digital technology zone” is defined by the DTIL as a functional zone that concentrates on research and development activities, support, training, promotion of innovation, incubation of DT and digital technology enterprises (*i.e. enterprises that produce DT products and/or provide DT services*); production and business of DT products and services; provision of infrastructure, supply of services to organizations, enterprises, individuals, and other activities within the zone. Concentrated DTZs are entitled to incentive policies for areas with extremely difficult socio-economic conditions in accordance with the laws on investment and other relevant laws.

Investment projects for the construction and business of concentrated DTZ infrastructure, and investment projects in the DTI in concentrated DTZs are identified as operating in **sectors and trades eligible for special investment incentives**, thanks to this, such projects will be entitled to incentive policies for sectors and trades eligible for special investment incentives in accordance with the laws on investment and other relevant laws; and using land in concentrated DTZs, will be **exempt from or eligible for reduction in land rental** in accordance with the laws on land and other relevant laws.

Investors implementing projects for the construction and business of concentrated DTZ infrastructure may be supported by the State with: (i) Investment in the internal technical infrastructure system and the infrastructure connecting to the zone, including roads, infrastructure for electricity and clean water provision, water supply and drainage, wastewater and solid waste collection and treatment, and other works; (ii) Organization of a public passenger transport system to the concentrated DTZs.

Investment projects for the construction of houses, service facilities, and public utilities for workers of concentrated DTZs are entitled to incentives in accordance with the residential housing laws, the laws on real estate business, and other relevant laws.

1.6. Incentives for leasing and purchasing digital technology products and services funded by the State budget capital

DT products and services that meet the Ministry of Science and Technology (“MST”)’s regulations shall be **entitled to incentives in contractor selection** in accordance with the laws on bidding.

Bidding packages for lease or procurement of DT products and services funded by the State budget capital to perform key tasks for national digital transformation or as required by a resolution of the National Assembly, the National Assembly’s Standing Committee or the Government, or a decision of the Prime Minister (“PM”) may be carried out through **contractor appointment** or **contractor selection** in special cases as specified by the laws on bidding.

The State reserves the right to **place orders** with organizations, enterprises, and individuals researching, producing, and providing key DT products and services (*i.e. those that meet one of the following criteria: (i) The domestic market has a great demand for them and they can generate a high added value; (ii) The international market has a great demand and they are exportable; (iii) They aim to implement key national digital transformation tasks; have positive and breakthrough impacts on technological innovation and economic efficiency for various sectors and fields; and fall within a list issued by the MST for each period, in accordance with the management requirements of the sectors and fields*); DT products and services in key national projects, projects with special characteristics or requirements from the Government, the PM, ministries, branches, and localities in accordance with the laws on science, technology and innovation, and bidding.

1.7. Incentives on administrative and customs procedures

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Enterprises that implement projects for the production of key DT products; projects for research and development, design, production, packaging, and testing of semiconductor chip products; and projects for the construction of AI data centers as well as enterprises that implement project for manufacturing of supporting products directly used in the SI (*i.e. projects that produce raw materials, supplies, and components to directly supply projects for manufacturing, packaging, and testing of semiconductor chip products*), are **entitled to preferential treatment** in accordance with the laws on customs.

1.8. Incentives for human resources for digital technology industry

The DTIL defines “*Human resources for digital technology industry*” as persons possessing DT qualifications, skills, and specialized knowledge who engage in the production of DT products, provision of DT services, and management of DTI; and stipulates that:

- (a) Regarding human resources for DTI, the State implements: (i) preferential credit policies on interest rates, conditions, and loan terms; and (ii) policies on provision of scholarships, social allowances; exemption, reduction of tuition fees, and support for tuition fees and the cost of living for learners in DT training programs in accordance with the laws on education and finance; and support for investment in facilities, including training equipment, laboratories, software copyrights, shared digital platforms, and other necessary technical tools for training of human resources for DTI.
- (b) Regarding high-quality human resources for DTI who are Vietnamese, overseas Vietnamese and foreigners meeting the criteria specified by the Government, their incomes from salaries and wages are exempt from personal income tax for a period of 5 years from the date of signing the first contract with Vietnamese agencies, organizations and individuals in the following cases: (i) Income from DTI activity projects in concentrated DIZs; (ii) Incomes from projects on research and development, production of key DT products, semiconductor chips, AI systems; (iii) Incomes from activities of training high-quality human resource for DTI. Foreigners who are high-quality human resources for DTI are not subject to work permit requirement and shall be granted an extendable temporary residence card with a term of 5 years in accordance with the laws on foreigners’ entry into, exit from, transit through and residence in Vietnam. The spouse and children under 18 years of age of such a foreigner shall be granted a temporary residence card with a corresponding term; and be given by local administration and functional agencies favorable conditions and support with procedures when they seek employment and study in educational institutions in Vietnam.
- (c) Regarding talents for DT who are high-quality human resources for DTI meeting the criteria for talents in the field of science, technology, and innovation as defined by the laws on science, technology, and innovation; they are entitled to: (i) The incentives for high-quality human resources for DTI as mentioned above; (ii) A special mechanism for salaries and bonuses that are competitive with global levels; priority in recruitment, employment, and appointment in accordance with the laws on cadres and public officials; and public servants; (iii) Support for their working environment, living space, housing, and transportation; (iv) Support for participation in international cooperation activities concerning the DTI; (v) Financial and facility support for research and development in the field of DT; (vi) Being honored, commended and rewarded in accordance with laws on emulation and commendation.

2. **Development of Semiconductor Industry**

“*Semiconductor industry*” is defined by the DTIL as an industry that conducts research and development, design, manufacturing, packaging, and testing of semiconductor products, and the

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production of equipment, machinery, and tools serving these activities. **The SI plays an essential and foundational role for the DTI.**

According to the DTIL:

- (a) The manufacturing of raw materials, materials, equipment, machinery, and tools for the SI, which are included in the List of raw materials, materials, equipment, machinery, and tools for the SI encouraged for investment and development is identified as belonging to **sectors and trades eligible for special investment incentives** under the laws on investment and other relevant laws.
- (b) Enterprises performing semiconductor chip design projects are eligible for funding support for human resource training, research and development, pilot production, and the procurement of machinery, equipment, technology, and technology innovation; and projects for manufacturing of supporting products directly used in the SI (*i.e. projects that produce raw materials, supplies, and components to directly supply projects for manufacturing, packaging, and testing of semiconductor chip products*) and projects for manufacturing of electronic equipment are eligible for partial or full funding for pilot production, technology acquisition and technology innovation **in accordance with the laws on technology transfer** from the local budget as defined by the law on the State budget or from the financial sources for DTI development.
- (c) Enterprises that implement projects for manufacturing, packaging, and testing of semiconductor chip products are allowed to **import used technology lines, equipment, machinery, and tools** that directly serve the production, provided that they meet the criteria specified by the MST.
- (d) Projects for manufacturing of supporting products directly used in the SI are entitled to the same forms of **support, incentives and preferential treatments** as those applicable to projects for manufacturing, packaging, and testing of semiconductor chip products.
- (e) Foreign traders' income arising in Vietnam from on-site export and import activities among export processing enterprises implementing projects for manufacturing, packaging, and testing of semiconductor chip products, export processing enterprises implementing projects for manufacturing of electronic equipment, and export processing enterprises implementing projects for supporting products directly used in the SI according to the delivery and receipt instructions of foreign traders shall be guaranteed **to be free from double taxation**.
- (f) An enterprise implementing a project for manufacturing of electronic equipment that meets the criteria defined by the MST is eligible for **support and incentives in terms of CIT**.

### 3. Development, provision and use of artificial intelligence

“Artificial intelligence system” is defined by the DTIL as a machine-based system designed to operate with different degrees of autonomy and capable of adapting after operation for achievement of clear or implicit objectives. It infers from the received input data to generate predictions, content, recommendations, or decisions that can affect the physical or digital environment. An AI system is a DT product that integrates hardware, software, and data.

In order to ensure transparency and identification, the DTIL requires that: (i) An AI system interacting directly with humans must provide a notification to the users that they are interacting with an AI system, except for cases where the users are obviously aware of the interaction with the AI system; and (ii) DT products on the List of DT products created by AI must have identification marks that may be recognized by a user or a machine.

### 4. Development, provision and use of digital assets

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“Digital assets” as referred by the DTIL to the Civil Code are assets represented as digital data, and are created, issued, stored, transferred, and authenticated by DT in the electronic environment.

In order to create a breakthrough, to pave the way for the commercialization of DAs in Vietnam, the DTIL for the first time recognizes that **virtual asset** in the electronic environment is a type of DA that may be used for exchange or investment. The DTIL also recognizes that **crypto asset** is a type of DA that uses an encryption technology or a DT with the similar function to authenticate the asset during its creation, issuance, storage, and transfer. However, for clarity, the DTIL states that virtual assets and crypto assets do not include securities, digital forms of fiat money, and other financial assets as defined by civil and financial laws.

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