

INVESTMENT GUIDE IN HAIPHONG CITY

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List of legal documents and reference legal documents:

- Investment Law No. 61/2020/QH14 dated 17/6/2020;
- Decree No. 31/2021/ND-CP dated 26/3/2021 of the Government to provide guidelines for some Articles of the Law on Investment;
- Circular No. 03/2021/TT-BKHDT dated 09/4/2021 regulating application forms for investment procedures and reporting forms on investment in Vietnam;
- Law on Enterprises No. 59/2020/QH14 dated 17/6/2020;

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- Decree No. 47/2021/NĐ-CP dated 01/4/2021 of the Government to provide guidelines for some Articles of the Law on Enterprises;
- Decree No. 01/2021/NĐ-CP dated 04/01/2021 of the Government on enterprise registration;
- Circular No. 02/2017/TT-BKHDT of the Ministry of Planning and Investment on guiding the mechanism for cooperation in processing of applications for investment registration and enterprise registration submitted by foreign investors;
- Law on Enterprise income tax dated 03/6/2008 and Law on Amendments of Enterprise income tax 32/2013/QH13;
- Decree No.218/2013/ND-CP dated 26/12/2003 of the Government detailing and guiding the implementation of law on corporate income tax;
- Decree No. 82/2018/ND-CP dated 22/5/2018 of Government for management of Industrial parks and economic zones
- Circular No. 78/2014/TT-BTC dated 18/6/2014 of the Ministry of Finance guiding the implementation of the government's Decree No. 218/2013/ND-CP of December 26, 2013, detailing and guiding the implementation of the law on CIT;
- Circular No. 96/2015/TT-BTC dated 22/6/2015 of the Ministry of Finance guiding the corporate income tax in the government's Decree No. 12/2015/NĐ-CP dated February 12, 2015 on guidelines for the law on amendments to laws on taxation and amendments to decrees on taxation; amendments to some articles of circular No. 78/2014/TT-BTC

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dated June 18, 2014, circular No. 119/2014/TT-BTC dated August 25, 2014, and c circular No. 151/2014/TT-BTC dated October 10, 2014 of the Ministry of Finance.

- Land Law No.45/2013/QH13 dated 29/11/2013;
- Decree No. 43/2014/ND-CP dated 15/5/2014 of the Government detailing a number of articles of the land law;
- Decree No. 01/2017/ND-CP dated 06/01/2017 of the Government on amendments to the decrees on the implementation of the land law;
- Labor Law dated 20/11/2019;
- Decree No.90/2019/ND-CP dated 15/11/2019 of the Government providing for regional minimum wages rates applied to employees working under an employment contract;
- Decree No.86/2018/ND-CP dated 06/6/2018 of the Government on the foreign cooperation and investment in education;
- Law No.74/2014/QH13 dated 27/11/2014 of the National Assembly on vocational education;
- Decree No. 09/2018/ND-CP dated 15/01/2018 of the Government, guidelines for the law on commerce and the law on foreign trade management regarding sale of goods and other activities directly related to sale of goods of foreign investors and foreign-invested business entities in Vietnam.

CHAPTER A: REGULATIONS ON INVESTMENT AND BUSINESS PROCEDURES

I. INVESTMENT FORMS

Foreign investors shall conduct offshore investment activities in the following forms:

- ❖ Investment in establishment of a business entity.
- ❖ Investment in the form of capital contribution or purchase of shares or stakes.
- ❖ Execution of an investment project.
- ❖ Investment in the form of a business cooperation contract.
- ❖ New forms of investment and types of business entities prescribed by the Government's regulations. Performance of an offshore BCC contract.

1. Investment for establishment of economic organization:

- Foreign investor(s) are entitled to choose one of the following forms to establish a company in Vietnam:

- ✓ One member limited liability company;
- ✓ Limited liability company with two or more member;
- ✓ Shareholding company;
- ✓ Partnership;
- ✓ Private business.

2. Investment in the form of capital contribution or purchase of shares or portion of capital contribution to economic organization:

2.1. Foreign investors making investment by contributing capital, purchasing shares and purchasing stakes of business entities must:

a) satisfy market access conditions applied to foreign investors as prescribed in Article 9 of Law on Investment 2020;

b) ensure national defense and security in accordance with this Law;

c) comply with regulations of the law on land and conditions for receipt of land use rights and conditions for use of land on islands or border or coastal communes.

2.2. A foreign investor may contribute capital to a business entity in the following forms:

a) Purchase of shares of joint-stock companies through the initial public or additional issuance;

b) Contribution of capital to limited liability companies and partnerships;

c) Contribution of capital to other business entities not mentioned in Point a and Point b of this Clause.

2.3. A foreign investor may purchase shares or stakes of a business entity in the following forms:

a) Purchase of shares in a joint-stock company from such company or its shareholders;

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b) Purchase of stakes of members of a limited liability company to become a member of such limited liability company;

c) Purchase of stakes of a capital contributing member of a partnership to become a capital contributing member of such partnership;

d) Purchase of stakes of members of other economic entities not mentioned in Points a, b and c of this Clause.

3. Investment in the form of business co-operation contract (BCC contract)

1. Business cooperation contracts signed between domestic investors shall be executed in accordance with the civil law.

2. Procedures for issuance of investment registration certificates in Article 38 of this Law shall apply to business cooperation contracts signed between a domestic investor and a foreign investor, or between foreign investors.

3. Parties to a business cooperation contract shall establish a coordinating board to execute the BBC. Functions, tasks and powers of the coordinating board shall be agreed upon by the parties.

II. INVESTMENT PROCEDURES

1. Conduct of investment activities by foreign-invested business entities

1. When establishing a business entity, when making investment by contributing capital, purchasing shares or purchasing stakes of a business entity or when making investment under a business

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cooperation contract in one of the following cases, the foreign investor must satisfy the conditions and follow investment procedures applied to foreign investors:

a) Over 50% of its charter capital or more is held by a foreign investor(s) or the majority of the general partners are foreigners if the business entity is a partnership;

b) Over 50% of its charter capital or more is held by a business entity(ies) mentioned in Point a of this Clause;

c) Over 50% of its charter capital or more is held by a foreign investor(s) and a business entity(ies) mentioned in Point a of this Clause.

2. Business entities other than those mentioned in Points a, b and c Clause 1 of this Article shall satisfy conditions and follow investment procedures applied to domestic investors when establishing a business entity, when making investment by contributing capital, purchasing shares or purchasing stakes of a business entity or when making investment under a business cooperation contract.

3. If a foreign-invested business entity that is established in Vietnam has a new investment project, procedures for executing such investment project shall be followed without having to establish a new business entity.

4. The Government shall elaborate procedures for establishing business entities, and conduct of investment activities by foreign investors and foreign-invested business entities.

2. File, sequence and procedures for issuance of IRC with respect to investment projects in the category which do not require a decision on the investment policy:

a) Order of execution

- ✓ Step 1: An investor declares information about the application for IRC on National Investment Information
- ✓ Step 2: Within 15 days from time when submitting application on National Investment Information, an investor shall submit the files to Haiphong Department of Planning and Investment.
- ✓ Step 3: Haiphong Department of Planning and Investment issue IRC.

b) Quantity, administrative procedures: 01 original application including:

- An application form for execution of the investment project, including a commitment to incur all costs and risks if the project is not approved;
- A document concerning the legal status of the investor;
- Document(s) proving the financial capacity of the investor including at least one of the following documents: the investor's financial statements for the last two years; commitment of a parent company to provide financial support; commitment of a financial institution to provide financial support; guarantee for the investor's financial capacity; other document proving the investor's financial capacity;
- Proposal for the investment project including the following

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main contents: investor or method of investor selection, investment objectives, investment scale, investment capital and plan for raising capital, location, duration and schedule of the investment project, information about the current use of land in the location of the project and proposed demand for land use (if any), demand for labor, proposal for investment incentives, impact and socio – economic efficiency of the project and preliminary assessment of environmental impact (if any) in accordance with the law on environment protection.

If the law on construction requires formulation of a pre-feasibility study report, the investor is entitled to submit the pre-feasibility study report instead of a proposal for the investment project;

- If the project does not require the State to allocate or lease out land or to permit land repurposing, a copy of the document regarding the land use rights or other document identifying the right to use the location for execution of the investment project is required to be submitted;

- Contents of the explanation for the technology to be used in the investment project if the project requires appraisal and collection of opinions on the technology in accordance with the Law on Technology Transfer;

- The business cooperation contract if the investment project is executed under a business cooperation contract;

- Other documents relating to the investment project, and requirements on the eligibility and capacity of the investor in accordance with law (if any).

c) Settlement time:

The investor shall be issued with the investment registration certificate if the following conditions are met:

- The investment project does not involve any banned business line;
- There is a location for execution of the investment project;
- The investment project is conformable with the planning specified in Point a Clause 3 Article 33 of this Law;
- The investment per m2 (or investment per employee) is not smaller than the minimum requirement.
- Market access conditions applied to foreign investors are satisfied.

d) Declaration forms:

- ✓ Application form for project execution: Form A.I.1 at Circular No. 03/2021/TT-BKHDT dated 09/4/2021 of Ministry of Planning and Investment
- ✓ Project proposal form: Form A.I.4 at Circular No. 03/2021/TT-BKHDT dated 09/4/2021 of Ministry of Planning and Investment.

3. Procedures for issuance of Investment Registration Certificates to investment projects whose decisions on investment guidelines are issued by the People's Committees of provinces:

a) Order of execution:

- ✓ Step 1: An investor declares information about the

application for IRC on National Investment Information

✓ Step 2: An investor shall submit the file to Haiphong Department of Planning and Investment within 15 days from time when submitting application on National Investment Information

✓ Step 3: Haiphong Department of Planning and Investment shall request relevant regulatory agencies in writing to give their opinions about the contents specified in Article 33 of this Law to.

✓ Step 4: The requested agencies shall send their appraisal opinions on the contents under their management to the investment registration authority.

✓ Step 5: Haiphong Department of Planning and Investment shall prepare an appraisal report with the contents prescribed in Article 33 of this Law and submit it to the provincial People's Committee.

✓ Step 6: HPPC shall grant the investment guideline approval, and provide a written explanation in the case of refusal.

b) Quantity, administrative procedures: 04 applications; application compiled in accordance with Article 33 of LOI.

An application for approval for investment guidelines of an investment project proposed by an investor includes:

a) An application form for execution of the investment project, including a commitment to incur all costs and risks if the project is not approved;

b) A document concerning the legal status of the investor;

c) Document(s) proving the financial capacity of the investor including at least one of the following documents: the investor's financial statements for the last two years; commitment of a parent company to provide financial support; commitment of a financial institution to provide financial support; guarantee for the investor's financial capacity; other document proving the investor's financial capacity;

d) Proposal for the investment project including the following main contents: investor or method of investor selection, investment objectives, investment scale, investment capital and plan for raising capital, location, duration and schedule of the investment project, information about the current use of land in the location of the project and proposed demand for land use (if any), demand for labor, proposal for investment incentives, impact and socio – economic efficiency of the project and preliminary assessment of environmental impact (if any) in accordance with the law on environment protection.

If the law on construction requires formulation of a pre-feasibility study report, the investor is entitled to submit the pre-feasibility study report instead of a proposal for the investment project;

dd) If the project does not require the State to allocate or lease out land or to permit land repurposing, a copy of the document regarding the land use rights or other document identifying the right to use the location for execution of the investment project is required to be submitted;

e) Contents of the explanation for the technology to be used in the

investment project if the project requires appraisal and collection of opinions on the technology in accordance with the Law on Technology Transfer;

g) The business cooperation contract if the investment project is executed under a business cooperation contract;

h) Other documents relating to the investment project, and requirements on the eligibility and capacity of the investor in

An application for approval for investment guidelines of an investment project prepared by a competent authority includes:

a) An application for approval for investment guidelines;

b) Proposal for the investment project including the following main contents: investment objectives, investment scale, investment capital and plan for raising capital, location, duration and schedule of the investment project; information about the current use of land in the location of the project, conditions for land expropriation if the project is subject to land expropriation, expected demand for land use (if any); preliminary assessment of environmental impact (if any) in accordance with the law on protection of the environment protection; expected method of investor selection and conditions applicable to the investor (if any); and special regimes and policies (if any).

If the law on construction requires formulation of a pre-feasibility study report, the competent authority is entitled to submit the pre-feasibility study report instead of a proposal for the investment project.

c) Settlement time: (Article 36 Law on Investment)

- Within 35 days from the receipt of the application, the investment registration authority shall notify results to the investor.

-. Within 03 working days from the date on which the sufficient application is received, the investment registration authority shall request relevant regulatory agencies in writing to give their opinions about the contents specified in Article 33 of this Law to.

- Within 15 days from receipt of the written request for opinions, the requested agencies shall send their appraisal opinions on the contents under their management to the investment registration authority.

- Within 25 days from the receipt of the application, the investment registration authority shall prepare an appraisal report with the contents prescribed in Article 33 of this Law and submit it to the provincial People's Committee.

- Within 07 working days from the receipt of the application and the appraisal report, the provincial People's Committee shall grant the investment guideline approval, and provide a written explanation in the case of refusal.

d) Declaration forms:

✓ Application form for project execution: Form A.I.1 at Circular No. 03/2021/TT-BKHDT dated 09/4/2021 of Ministry of Planning and Investment.

✓ Project proposal form: Form A.I.2 or A.I.3 at Circular No.

03/2021/TT-BKHDT dated 09/4/2021 of Ministry of Planning and Investment.

4. Procedures for issuance of Investment Registration Certificates to investment projects whose decisions on investment guidelines are issued by the Prime Minister:

a) Order of execution:

✓ Step 1: An investor declares information about the application for IRC on National Investment Information

✓ Step 2: Within 15 days from the time when submitting application for IRC on National Investment Information, the investor shall submit the files to Ministry of Planning and Investment.

b) Quantity, administrative procedures: 08 applications; application compiled in accordance with Article 33 of LOI

An application for approval for investment guidelines of an investment project proposed by an investor includes:

a) An application form for execution of the investment project, including a commitment to incur all costs and risks if the project is not approved;

b) A document concerning the legal status of the investor;

c) Document(s) proving the financial capacity of the investor including at least one of the following documents: the investor's financial statements for the last two years; commitment of a parent company to provide financial support; commitment of a financial institution to provide financial support; guarantee for the investor's financial capacity; other

document proving the investor's financial capacity;

d) Proposal for the investment project including the following main contents: investor or method of investor selection, investment objectives, investment scale, investment capital and plan for raising capital, location, duration and schedule of the investment project, information about the current use of land in the location of the project and proposed demand for land use (if any), demand for labor, proposal for investment incentives, impact and socio – economic efficiency of the project and preliminary assessment of environmental impact (if any) in accordance with the law on environment protection.

If the law on construction requires formulation of a pre-feasibility study report, the investor is entitled to submit the pre-feasibility study report instead of a proposal for the investment project;

dd) If the project does not require the State to allocate or lease out land or to permit land repurposing, a copy of the document regarding the land use rights or other document identifying the right to use the location for execution of the investment project is required to be submitted;

e) Contents of the explanation for the technology to be used in the investment project if the project requires appraisal and collection of opinions on the technology in accordance with the Law on Technology Transfer;

g) The business cooperation contract if the investment project is executed under a business cooperation contract;

h) Other documents relating to the investment project, and

requirements on the eligibility and capacity of the investor in

An application for approval for investment guidelines of an investment project prepared by a competent authority includes:

a) An application for approval for investment guidelines;

b) Proposal for the investment project including the following main contents: investment objectives, investment scale, investment capital and plan for raising capital, location, duration and schedule of the investment project; information about the current use of land in the location of the project, conditions for land expropriation if the project is subject to land expropriation, expected demand for land use (if any); preliminary assessment of environmental impact (if any) in accordance with the law on protection of the environment protection; expected method of investor selection and conditions applicable to the investor (if any); and special regimes and policies (if any).

If the law on construction requires formulation of a pre-feasibility study report, the competent authority is entitled to submit the pre-feasibility study report instead of a proposal for the investment project.

c) Settlement time:

- Within 03 working days from the date on which the sufficient application is received, the Ministry of Planning and Investment shall request relevant regulatory agencies in writing to give their opinions about the contents specified in Article 33 of this Law.

- Within 15 days from receipt of the written request for opinions,

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the requested agencies shall send their appraisal opinions on the contents under their management to the Ministry of Planning and Investment.

- Within 40 days from the receipt of the application, the Ministry of Planning and Investment shall appraise it and prepare an appraisal report including the contents specified in Article 33 of this Law, and then submit it to the Prime Minister for investment guidelines approval.

- The Prime Minister shall consider granting investment guideline approval comprising the contents set out in Clause 1 Article 3 of this Law.

d) Declaration forms:

✓ Application form for project execution: Form A.I.1 at Circular No. 03/2021/TT-BKHDT dated 09/4/2021 of Ministry of Planning and Investment.

✓ Project proposal form: Form A.I.2 or A.I.3 at Circular No. 03/2021/TT-BKHDT dated 09/4/2021 of Ministry of Planning and Investment.

5. Procedures for issuance of Investment Registration Certificates to investment projects whose decisions on investment guidelines are issued by the National Assembly:

a) Order of execution:

✓ Step 1: An investor declares information about the application for IRC on National Investment Information

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✓ Step 2: Within 15 days from the time when submitting application for IRC on National Investment Information, the investor shall submit the files to Ministry of Planning and Investment.

✓ Step 3: the Ministry of Planning and Investment shall submit a report to the Prime Minister and request establishment of a State Appraisal Council.

✓ Step 4: the State Appraisal Council shall organize appraisal of the application and prepare an appraisal report including the contents set out in Article 33 of this Law, then submit it to the Government.

✓ Step 5: the Government shall prepare an application for investment guideline approval and submit it to the National Assembly's agency presiding over validation.

b) Quantity, administrative procedures: application compiled in accordance with Article 33 of LOI:

An application for approval for investment guidelines of an investment project proposed by an investor includes:

a) An application form for execution of the investment project, including a commitment to incur all costs and risks if the project is not approved;

b) A document concerning the legal status of the investor;

c) Document(s) proving the financial capacity of the investor including at least one of the following documents: the investor's financial statements for the last two years; commitment of a parent

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company to provide financial support; commitment of a financial institution to provide financial support; guarantee for the investor's financial capacity; other document proving the investor's financial capacity;

d) Proposal for the investment project including the following main contents: investor or method of investor selection, investment objectives, investment scale, investment capital and plan for raising capital, location, duration and schedule of the investment project, information about the current use of land in the location of the project and proposed demand for land use (if any), demand for labor, proposal for investment incentives, impact and socio – economic efficiency of the project and preliminary assessment of environmental impact (if any) in accordance with the law on environment protection.

If the law on construction requires formulation of a pre-feasibility study report, the investor is entitled to submit the pre-feasibility study report instead of a proposal for the investment project;

dd) If the project does not require the State to allocate or lease out land or to permit land repurposing, a copy of the document regarding the land use rights or other document identifying the right to use the location for execution of the investment project is required to be submitted;

e) Contents of the explanation for the technology to be used in the investment project if the project requires appraisal and collection of opinions on the technology in accordance with the Law on Technology Transfer;

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g) The business cooperation contract if the investment project is executed under a business cooperation contract;

h) Other documents relating to the investment project, and requirements on the eligibility and capacity of the investor in

An application for approval for investment guidelines of an investment project prepared by a competent authority includes:

a) An application for approval for investment guidelines;

b) Proposal for the investment project including the following main contents: investment objectives, investment scale, investment capital and plan for raising capital, location, duration and schedule of the investment project; information about the current use of land in the location of the project, conditions for land expropriation if the project is subject to land expropriation, expected demand for land use (if any); preliminary assessment of environmental impact (if any) in accordance with the law on protection of the environment protection; expected method of investor selection and conditions applicable to the investor (if any); and special regimes and policies (if any).

If the law on construction requires formulation of a pre-feasibility study report, the competent authority is entitled to submit the pre-feasibility study report instead of a proposal for the investment project.

c) Settlement time:

- Within 15 days from the date on which the sufficient application is received, the Ministry of Planning and Investment shall submit a report to the Prime Minister and request establishment of a State Appraisal

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Council.

- Within 90 days from the date of its establishment, the State Appraisal Council shall organize appraisal of the application and prepare an appraisal report including the contents set out in Article 33 of this Law, then submit it to the Government.

- At least 60 days before the opening of the meeting of the National Assembly, the Government shall prepare an application for investment guideline approval and submit it to the National Assembly's agency presiding over validation.

d) Declaration forms:

✓ Application form for project: Form A.I.1 at Circular No. 03/2021/TT-BKHDT dated 09/4/2021 of Ministry of Planning and Investment.

✓ Project proposal form: Form A.I.2 or A.I.3 at Circular No. 03/2021/TT-BKHDT dated 09/4/2021 of Ministry of Planning and Investment.

6. Procedures for making investment by contributing capital, purchasing shares or purchasing stakes (Article 26 in LOI)

6.1. Upon contributing capital, purchasing shares or purchasing stakes of a business entity, the investor shall satisfy conditions and follow procedures for change of members or shareholders in accordance with regulations of law applicable to each type of business entity.

A foreign investor shall follow procedures for registration of capital

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contribution or purchase of shares or stakes of a business entity prior to change of members or shareholders in the following cases specified in Clause 2, Article 26 of LOI. The investor shall submit 01 application for registration of capital contribution, purchase of stakes or purchase of shares to the investment registration agency where the economic organization's head office is located.

In case meeting the conditions specified in Clause 2, Article 24 of the Law on Investment, based on the written approval of the Investment Registration Authority, the economic organization in which foreign investors contribute capital, purchase shares or purchase stakes shall carry out the procedures for changing members and shareholders at the business registration agency in accordance with the Law on Enterprises and other laws relevant to each type of economic organization.

6.2 Application for for making investment by contributing capital, purchasing shares or purchasing stakes includes:

a) A registration document of capital contribution, share purchase or stakes purchase, including the following contents: information on enterprise registration of the economic organization to which the foreign investor intends to contribute capital, purchase shares or purchase stakes; business; list of founding shareholders, list of foreign shareholders (if any); the rate of ownership of charter capital of foreign investors before and after capital contribution, purchase of shares or stakes to economic organizations; transaction value of the contract of capital contribution, share purchase, capital contribution; information

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on investment projects of economic organizations (if any);

b) Copies of legal papers of individuals and organizations contributing capital, purchasing shares, purchasing stakes and economic organizations with foreign investors contributing capital, purchasing shares or purchasing stakes;

c) Written agreement on capital contribution, share purchase or stake purchase between the foreign investor and the economic organization receiving capital contribution, purchase of shares or stakes;

d) Declaration document (enclosed with a copy) Certificate of land use right of the economic organization receiving the capital contribution, shares or capital contribution portion of the foreign investor (for the case specified at point b) and c Clause 2, Article 24 of the Law on Investment in 2020). Economic organizations with foreign investors contributing capital, buying shares or contributed capital portions are responsible before law for the accuracy and truthfulness of their declarations.

6.3 Settlement time

Within 15 days from the date on which the sufficient application is received, Department of Planning and Investment shall submit Approval Notice to economic organization and foreign investor.

6.4 Application, forms:

Application form for project: Form A.I.7 at Circular No. 03/2021/TT-BKHDT dated 09/4/2021 of Ministry of Planning and Investment.

7. Procedures for investment in the form of business co-

operation contract (BCC)

7.1. A foreign investor to a business cooperation contract may establish an operating office in Vietnam to execute the contract. The location of the operating office shall be decided by the foreign investor depending on the requirements for contract execution.

7.2. The operating office of a foreign investor to a business cooperation contract has its own seal; the foreign investor may open an account, hire employees, sign contracts and carry out business activities under the business cooperation contract and Certificate of registration of operating office.

7.3. The foreign investor to the business cooperation contract shall submit the application for registration of operating office to the investment registration authority of the area where the operating office is intended to be located.

7.4. An application consists of:

a) An application form which specifies the name and address of the representative office in Vietnam (if any) of the foreign investor to the business cooperation contract; name and address of the operating office; contents, duration, and operating scope of the operating office; full name, residence, ID Card or Citizen ID Card number or passport number of the head of the operating office;

b) The decision of the foreign investor to the business cooperation contract on establishment of an operating office;

c) A copy of the decision to appoint the head of the operating office;

d) A copy of the business cooperation contract.

7.5. Within 15 working days from the receipt of the application prescribed in Clause 4 of this Article, the investment registration authority shall issue the Certificate of registration of operating office to the foreign investor to the business cooperation contract.

III. INVESTMENT INCENTIVES

Article 15. Forms and entities eligible for investment incentives

1. Forms of incentives:

a) Corporate income tax incentives, including application of a lower rate of corporate income tax for a certain period of time or throughout the investment project execution; exemption from and reduction of tax and other incentives prescribed by the Law on Corporate Income Tax.

b) Exemption from import tax on goods imported to form fixed assets; raw materials, supplies and components for manufacturing purposes in accordance with regulations of law on import and export tax;

c) Exemption from and reduction of land levy and land rents;

d) Accelerated depreciation, increasing the deductible expenses upon calculation of taxable income.

2. Entities eligible for investment incentives:

a) Investment projects in business lines eligible for investment incentives specified in Clause 1 Article 16 of this Law;

b) Investment projects located in the areas eligible for investment incentives specified in Clause 2 Article 16 of this Law;

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c) Any investment project whose capital is at least VND 6,000 billion of which at least VND 6,000 billion of is disbursed within 03 years from the issuance date of the investment registration certificate or the approval for investment guidelines and which satisfies any of the following criteria: the total revenue is at least VND 10,000 billion per year within 03 years from the year in which the revenue is earned or the project has more than 3,000 employees;

d) Social housing construction projects; investment projects located in rural areas and employing at least 500 employees; investment projects that employ persons with disabilities in accordance with regulations of law on persons with disabilities.

dd) Hi-technology enterprises, science and technology enterprises and science and technology organizations; projects involving transfer of technologies on the List of technologies the transfer of which is encouraged in accordance with regulations of the Law on Technology Transfer, science and technology enterprise incubators prescribed by the Law on High Technologies and Law on Science and Technology; enterprises manufacturing and providing technologies, equipment, products and services with a view to satisfaction of environment protection requirements prescribed by the Law on Environment Protection;

e) Start-up projects, national innovation centers and research and development centers;

g) Business investment in small and medium-sized enterprises' product distribution chain; business investment in technical

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establishments supporting small and medium-sized enterprises, small and medium-sized enterprise incubators; business investment in coworking spaces serving small and medium-sized enterprises and startups prescribed by the Law on Small and Medium-Sized Enterprises.

3. Investment incentives shall be given to new investment projects and expansion projects.

4. The level of each type of incentives shall be specified by regulations of the Law on Taxation, the Law on Accounting and the Law on Land.

5. Regulations in Points b, c and d Clause 2 of this Article do not apply to:

a) Mineral mining projects;

b) Projects on manufacturing/sale of goods/services subject to special excise tax according to the Law on Special Excise Tax, except for projects on manufacturing of automobiles, aircrafts and yachts.

c) Commercial housing construction projects prescribed by the Law on Housing.

6. Investment incentives applied for a fixed term and on the basis of results of project execution. Every investor must satisfy conditions for investment incentives in accordance with regulations of law during the period of enjoying investment incentives.

7. An investment project that is eligible for various levels of investment incentive, including investment incentive specified in Article 20 of this Law may apply the highest level.

8. The Government shall elaborate this Article.

Article 16. Business lines and areas eligible for investment incentives

1. Business lines eligible for investment incentives:

a) Hi-tech activities, hi-tech ancillary products, research, manufacturing and development of from science and technology products in accordance with regulations of law on science and technology;

b) Manufacturing of new materials, new energy, clean energy, renewable energy; manufacturing of products with an added value of 30% or more; energy-saving products;

c) Manufacturing of key electronics, mechanical products, agricultural machinery, automobiles, automobile parts; shipbuilding;

d) Manufacturing of products on the List of prioritized supporting products;

dd) Manufacturing of IT products, software products, digital contents;

e) Breeding, growing and processing of agriculture products, forestry products, aquaculture products; afforestation and forest protection; salt production; fishing and fishing logistics services; production of plant varieties, animal breeds and biotechnology products;

g) Collection, treatment, recycling or re-use of waste;

h) Investment in development, operation, management of infrastructural works; development of public transportation in urban areas;

i) Pre-school education, general education, vocational education,

higher education;

k) Medical examination and treatment; manufacturing of medicinal products and medicinal materials, storage of medicinal products; scientific research into preparation technology and biotechnology serving creation of new medicinal products; manufacturing of medical equipment;

l) Investment in sports facilities for the disabled or professional athletes; protection and promotion of value of cultural heritage;

m) Investment in geriatric centers, mental health centers, treatment for agent orange patients; care centers for the elderly, the disabled, orphans, street children;

n) People's credit funds, microfinance institutions;

o) Manufacturing of goods and provision of services for the purposes of creating or participating in value chains and industrial clusters.

2. Areas eligible for investment incentives:

a) Disadvantaged areas and extremely disadvantaged areas;

b) Industrial parks, export-processing zones, hi-tech zones and economic zones.

3. According to regulations of Clause 1 and Clause 2 of this Article, the Government shall compile and amend the List of business lines eligible for investment incentives and the List of areas eligible for investment incentives; determine business lines eligible for special investment incentives to be included in the List of business lines eligible for investment incentives.

CHAPTER B: TAX POLICY

I. OVERVIEW

Most of investment activities and foreign-invested enterprises in Vietnam will be affected by the following taxes:

- ❖ Corporate income tax;
- ❖ Foreign contractor tax;
- ❖ Personal income tax;
- ❖ Value-added tax;
- ❖ Export-import tax.

Other taxes may affect activities, including:

- ❖ Specific consumption tax;
- ❖ Natural Resource Tax;
- ❖ Environmental Protection tax;
- ❖ Property tax.

The tax rates of all such taxes are uniformly applied at nationwide scale; local authorities at provincial level do not have the authority to issue the tax rates.

II. Corporate income tax:

1. Tax rate

(Article 10 Decree No. 218/2013/ND-CP detailing and guiding the implementation of the Law on corporate income tax)

The tax rate of corporate income tax is 20% and the tax rate from 32% to 50% specified in Clause 2 and 3 of this Article and subject entitled to

incentives of tax rate specified in Article 15 and 16 of this Decree.

Clause 2. Enterprises established and operating under the law of Vietnam, including cooperatives, non-business units operating the production and business of goods and services with the total annual revenue not exceeding 20 billion dong are entitled to the tax rate of 20%.

The total annual revenue as a basis for determination of enterprise subject to the tax rate of 20% specified in this Clause is the enterprise's total revenue of sale of goods and services supply of the preceding year.

Clause 3. The tax rate of corporate income tax for the activities of search, exploration and extraction of oil and gas and other rare natural resources in Vietnam from 32% to 50%. For the search, exploration and extraction of oil and gas, based on the location and conditions for extraction and mine reserve, the Prime Minister shall decide on the tax rate consistently with each project and business establishment at the request of the Minister of Finance. For the platinum, gold, silver, tin, wolfram, antimony, precious stones, rare earth mines, the tax rate is 50%. Where the mines having an assigned area 70% or more in the areas with extremely difficult socio-economic conditions in the list of areas entitled to the incentives of corporate income tax issued together with this Decree, these areas shall be subject to the tax rate of corporate income tax rate of 40%.

2. Incentive of corporate income tax

Law on Corporate income tax No. 14/VBHN-VPQH dated 15/7/2020

Article 13. Preferential CIT rates

1. 10% CIT rate for 15 years shall be applied to:

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a) Incomes of an enterprise from execution of new investment projects in extremely disadvantaged areas, economic zones or hi-tech zones;

b) Incomes of the enterprise from execution of new investment projects in the following areas: scientific research and technology development; application of high technologies given priority according to the Law on High Technology; cultivation of high technology, cultivation of high-tech enterprises; venture capital investment in development of high technologies on the list of high technologies given priority according to the Law on High Technology; investment in construction, operation of facilities for cultivation of high technologies, cultivation of high-tech enterprises; investment in development of particularly important infrastructural works of the State as prescribed by law; software production; manufacture of composite materials, light building materials, rare and valuable materials; production of renewable energy, clean energy, waste-to-energy process; development of biotechnology; investment in environmental protection;

c) Incomes of high-tech enterprises and agriculture enterprises applying high technologies as prescribed by the Law on High Technologies;

d) Incomes of an enterprise from execution of new manufacturing projects (except for manufacturing of products subject to excise tax and mineral extraction projects) that satisfy any of the following criteria:

- The project's capital is at least VND 6,000 billion disbursed within 03 years from the date of investment certificate, and total revenue is at least VND 10,000 billion per year after no more than 3 years from the first year in which revenues are generated by the project;

- The project's capital is at least VND 6,000 billion disbursed within 03 years from the date of investment certificate, and it uses over 3,000

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employees.

dd) Incomes of an enterprise for execution of a new investment project for manufacture of products on the list of ancillary products given priority that satisfy any of the following criteria:

- Ancillary products are meant to support high technologies according to regulations of the Law on High Technologies;

- Ancillary products are meant to support manufacturing of: textile and garment; leather and footwear; electronics and IT products; manufacturing of cars; fabricating mechanics that, by January 01, 2015, they cannot be manufactured in Vietnam or can be manufactured in Vietnam and satisfy technical standards of EU or equivalent standards.

The list of ancillary products given priority specified in this Point shall be announced by the Government;

e) Incomes of an enterprise from execution of manufacturing projects, except for manufacturing of products subject to excise tax and mineral extraction projects,) in which investment is at least VND 12,000 billion, using technologies that must be appraised in accordance with the Law on High Technologies, the Law on Science and Technology, and capital is disbursed within 05 years from the date of investment licensing as prescribed in the Law on investment.

2. 10% CIT rate shall be applied to:

- a) Incomes of an enterprise's investment in the public sector fields such as education – training, vocational training, healthcare, culture, sports and environment;

- b) Incomes of an enterprise from execution of an investment project

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on construction of social housing for sale, lease or lease purchase to the entities specified in Article 53 of the Law on Housing;

c) Incomes of a press agency from newspapers, including advertisements on newspapers, as prescribed in the Law on Journalism; incomes of a publisher from publishing defined in the Law on Publishing;

d) Incomes of an enterprise from planting, caring and protection of forests; farming, husbandry, aquaculture in disadvantaged areas; forestry in disadvantaged areas; production, propagation and cross-breeding of plant varieties, animal breeds; production, extraction, and refining of salt, except for salt production prescribed in Clause 1 Article 4 of this Law; investment in post-harvest preservation of agriculture products; preservation of agricultural products, aquatic products, and foods;

dd) Incomes of a cooperative from agriculture, forestry, aquaculture or salt production in areas other than disadvantaged areas or extremely disadvantaged areas, except incomes of cooperatives in Clause 1 Article 4 of this Law.

3. 20% CIT rate for 10 years shall be applied to:

a) Incomes of an enterprise from execution of new investment projects in disadvantaged areas;

b) Incomes of an enterprise from execution of new investment projects in the following areas: production of high-class steel; production of energy-saving products; production of machinery and equipment serving agriculture, forestry, aquaculture or salt production; production of irrigation equipment; production of feeds for livestock and poultry; development of traditional trades.

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Such an enterprise specified in this Clause may apply 17% CIT rate from January 01, 2016.

3a. 15% CIT rate shall be applied to incomes of enterprises from farming, husbandry, processing of agricultural and aquatic products in areas other than disadvantaged areas and extremely disadvantaged areas.

4. 20% CIT rate shall be applied to incomes earned by people's credit funds and microfinance institutions.

People's credit funds and microfinance institutions may apply 17% CIT rate from January 01, 2016.

5. The duration of application of preferential tax rates may be extended as follows:

a) With regard to investment projects with large scale and high technologies that need investment, the application of preferential tax rates may be extended but for a maximum period of 15 years;

b) The projects specified in Point e Clause 1 of this Article that satisfy any of the following criteria:

- The products manufactured are capable of global competition; the revenue exceeds VND 20,000 billion per year after no more than 05 years from the first year in which revenue is generated by the project;

- Over 6,000 employees are hired;

- The project involves economic-technical infrastructure, including: investment in development of water plants, power plants, water supply and drainage system, bridges, roads, railroads, airports, seaports, air terminals, train stations, new energy, clean energy, energy-saving

The Prime Minister shall decide extension of duration for application of preferential tax rates prescribed in this Point provided that the extension shall not exceed 15 years.

5a.[23] With respect to the investment projects specified in Clause 2 Article 20 of the Law on Investment, the Prime Minister shall decide to apply a preferential tax rate reducing by no more than 50% the preferential tax rate specified in Clause 1 of this Article. The duration of application of the preferential tax rate shall not exceed 1.5 times the duration of application of the preferential tax rate specified in Clause 1 and may be extended for no more than 15 years and must not exceed the duration of the investment project.

6. The preferential tax rates specified in this Article shall apply from first year in which the enterprise earns revenue from its new investment project. Regarding high-tech enterprises and agriculture enterprises applying high technologies, preferential tax rates shall be applied from the date of the certificate of high-tech enterprise or certificate of agriculture enterprise applying high technologies. Preferential tax rates shall apply to projects applying high technologies from the date of certificate of project applying high technologies.

The Government shall elaborate and provide guidelines for this Article.

Article 14. Duration of tax exemption and reduction

1. Incomes of enterprises from execution of the new investment projects specified in Clause 1, Point a Clause 2 Article 13 of this Law, and high-tech enterprises and agriculture enterprises applying high

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technologies shall be eligible for CIT exemption for no more than 4 years and 50% reduction of CIT payable for no more than 9 subsequent years.

1a. With respect to the investment projects specified in Clause 2 Article 20 of the Law on Investment, the Prime Minister shall decide to apply tax exemption for no more than 06 years and reduce 50% of total CIT payable for no more than 13 subsequent years.

2. Incomes of an enterprise from execution of new investment projects specified in Clause 3 Article 13 of this Law and incomes of an enterprise from execution of new investment projects in industrial parks (except those located in advantaged areas as prescribed by law) shall be eligible for CIT exemption for no more than 2 years and 50% reduction of CIT payable for no more than 4 subsequent years.

3. The duration of exemption/reduction of CIT on incomes of an enterprise from execution of new investment projects prescribed in Clause 1 and Clause 2 of this Article begins from the first year in which it earns taxable income from the project. In case where the enterprise earns no taxable income in the first 03 years, the tax exemption/reduction duration will begin in the 4th year from the first year in which revenue is generated by the project. The duration of tax exemption/reduction applied to high-tech enterprises, agriculture enterprises applying high technologies prescribed in Point c Clause 1 Article 13 of this Law begins from the date on which they are granted the certificate of high-tech enterprise or certificate of agriculture enterprise applying high technologies.

4. If one of the three conditions prescribed at this Clause is satisfied, the enterprise having a project of investment in another operating project such as expansion of production scale, increase of capacity and innovation

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of production technology (hereinafter referred to as “expansion”) in a field or area eligible for CIT incentives may decide whether to apply CIT incentives to its operating project for the remaining period (if any) or apply tax exemption or reduction to the increase in incomes from expansion. The duration of tax exemption or reduction to the increase in incomes from expansion prescribed in this Clause equals the tax exemption or reduction period applied to a new investment project in the same field or area eligible for CIT incentives.

The expansion eligible for CIT incentives specified in this Clause must satisfy one of the following criteria:

a) The increase in cost of fixed assets when the project is finished and put into operation is at least VND 20 billion, if the expansion is of a field eligible for CIT incentives as prescribed in this Law, or VND 10 billion, if the expansion is located in disadvantaged area or extremely disadvantaged area as prescribed by law;

b) The ratio of increase in cost of fixed assets to total cost of fixed assets before investment is at least 20%;

c) Design capacity after expansion increases by at least 20% compared to the design capacity before investment.

In case where an operating enterprise makes an expansion in a field or area eligible for tax incentives as prescribed in this Law but fails to satisfy any of the criteria mentioned in this Clause, tax incentives shall apply to the project for the remaining period (if any).

If the enterprise chooses incentives applied to expansion, the increase in income from expansion must be accounted for separately. If the

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enterprise is not able to separate the increase in income from expansion, it shall be determined according to the ratio of cost of new fixed assets to total cost of fixed assets of the enterprise.

The duration of tax exemption or reduction mentioned in this Clause begins from the year in which the expansion project is finished and put into operation.

Tax incentives mentioned in this Clause do not apply in the cases of expansion due to merger or acquisition of operating projects or enterprises.

The Government shall elaborate and provide guidelines for this Article.

Article 15. Other cases of CIT reduction

1. A manufacturing, construction or transport enterprise that employs a large amount of female employees shall be eligible for CIT reduction which is proportional to the expenditure on female workers.

2. An enterprise that employs a large amount of ethnic workers is eligible for CIT reduction which is proportional to the expenditure on the ethnic workers.

3. Income of an enterprise from transfer of technology in a field in which the technology transfer is given priority to an organization or individual located in a disadvantaged area is eligible for 50% reduction of CIT thereon.

The Government shall elaborate and provide guidelines for this Article.

III. PERSONAL INCOME TAX:

1. Tax bases for residents:

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For incomes from salaries:

Tax grade	Taxed income per year (VND million)	Taxed income per month (VND million)	Tax rate (%)
1	Up to 60	Up to 5	5
2	Between over 60 and 120	Between over 5 and 10	10
3	Between over 120 and 216	Between over 10 and 18	15
4	Between over 216 and 384	Between over 18 and 32	20
5	Between over 384 and 624	Between over 32 and 52	25
6	Between over 624 and 960	Between over 52 and 80	30
7	Over 960	Over 80	35

For income from business:

Business	Tax rate (%)
Goods distribution and supply	0,5
Services and construction activities without supply of raw materials and materials	2
Asset lease, insurance agency, lottery agency and multi-level marketing agency	5
Production, transportation and services associated with goods, construction activities involving supply of raw materials and material	1,5

Other business activities	1
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2. Tax bases for non-residents:

Types of income	Tax rate (%)
Tax on incomes from business	1-5 depending on the type of income from business
Tax on incomes from salaries or wages	20
Tax on incomes from capital investment	5
Tax on incomes from capital transfer	0,1
Tax on incomes from real estate transfer	2
Tax on incomes from copyright or franchising	5
Tax on incomes from won prizes, inheritances or gifts	10

IV. VALUE ADDED-TAX (VAT)

1. Taxable objects:

Goods and services used for production, trading or consumption in Vietnam are subject to value-added tax, except those specified in Article 5 of the Law on value-added tax.

2. Non-taxable objects:

- ✓ Certain agricultural products;
- ✓ Goods/services provided by individuals having annual revenue of VND 100 million or below;
- ✓ Imported or leased drilling rigs, airplanes and ships of a type which cannot be produced in Vietnam;

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- ✓ Transfer of land use rights;
- ✓ Financial derivatives and credit services;
- ✓ Various securities activities including fund management;
- ✓ Capital assignment;
- ✓ Foreign currency trading;
- ✓ Debt factoring;
- ✓ Certain insurance services (including life insurance, health insurance, agricultural insurance and reinsurance);
- ✓ Medical services;
- ✓ Teaching and training;
- ✓ Printing and publishing of newspapers, magazines and certain types of books;
- ✓ Passenger transport by public buses;
- ✓ Transfer of technology, software and software services except exported software which is entitled to 0% rate.

3. VAT rates:

There are 3 VAT rates as follows:

0%	<p>The tax rate of 0% applies to exported goods and services, international transportation and goods and services not liable to value-added tax specified in Article 5 of this Law upon exportation, except cases:</p> <ul style="list-style-type: none"> a) Transfer of technologies or intellectual property rights abroad; b) Offshore reinsurance services; c) Credit provision services; d) Capital transfer; đ) Derivative financial services; e) Post and telecommunications services; g) Exported products which are unprocessed mined resources and minerals specified in Clause 23, Article 5 of this Law. <p>Exported goods and services which receive a tax rate of 0% as goods and services used abroad and in non-tariff areas, goods and services supplied to foreign customers under the Government's regulations."</p>
5%	<p>The tax rate of 5% applies to the following goods and services:</p> <ul style="list-style-type: none"> a) Clean water for production and daily life; b) Fertilizers; ores for fertilizer production; insecticides, pesticides and plant and animal growth stimulators; c) Feeds for cattle, poultry and other domestic animals; d) Services of digging, embanking and dredging canals, ditches, ponds and lakes for agricultural production; growing, tending, and preventing pests and insects for, plants; preliminary processing and preservation of agricultural products; đ) Unprocessed cultivation, husbandry and fishery products, except products specified in Clause 1, Article 5 of this Law; e) Preliminarily processed rubber latex; preliminarily processed turpentine; nets, main ropes and fibers for making fishing-nets; g) Fresh and live food; unprocessed forest products, except timber, bamboo shoots and products specified in Clause 1, Article 5 of this Law; h) Sugar; by-products in sugar production, including molasses, bagasse and sludge;

10%	This “standard” rate applies to activities not specified as not-subject to VAT, exempt or subject to 0% or 5%
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V. EXPORT IMPORT TAX

(Article 16, 18, 19 Law on export and import duties No 107/2016/QH13)

Tax exemption for:

1. Exported or imported goods of foreign entities granted diplomatic immunity and privileges in Vietnam within the allowance under an international treaty to which Socialist Republic of Vietnam is a signatory; luggage within the tax-free allowance of inbound and outbound passengers; imports to be sold at duty-free shops.

2. Personal belongings, gifts from foreign entities to Vietnamese entities and vice versa within the tax-free allowance.

If the quantity or value of personal belongings or gifts exceeds the tax-free allowance, the excess amount or value shall be taxed, unless the recipient is an entity funded by state budget and permitted by a competent authority to receive them or they are meant to serve humanitarian or charitable purposes.

3. Goods traded across the border of border residents on the List of goods and within the tax-free allowance serving the manufacturing or consumption by border residents.

Goods that are purchased or transported within the tax-free allowance but do not serve the manufacturing or consumption by border residents, exports and imports of foreign traders permitted to be sold at bordering markets shall be taxed.

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4. Goods exempt from export and import duties under international treaties to which Socialist Republic of Vietnam is a signatory.

5. Goods whose value or tax payable is below the minimum level.

6. Imported raw materials, supplies, components serving processing of exports; finished products imported to be fixed on processed products; outward processing products.

Regarding outward processing products derived from domestic raw materials that subject to export duties, the amount of domestic raw materials incorporated into the products shall be taxed.

Goods exported for processing and then imported are exempt from export duty and import duty on the value of exported raw materials incorporated into the processed products. Goods exported for processing and then imported that are natural resources, minerals, or products whose the total value of natural resources or minerals plus energy costs makes up at least 51% of the product price shall be taxed.

7. Materials, supplies, components imported for manufacture of exports. products.

8. Goods manufactured, processed, recycled, assembled in a free trade zone without using imported raw materials or components when they are imported into the domestic market.

9. Goods temporarily imported for re-export or goods temporarily exported for re-import within a certain period of time, including:

a) Goods temporarily imported or exported to participate in fairs, exhibitions, product introduction, sports or art events, or other events;

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machinery and equipment temporarily imported for re-export for testing, research and development; machinery and equipment, tools temporarily imported or exported to be used for certain period of time or serve overseas processing, except for machinery, equipment, tools, vehicles permitted to be temporarily imported too serve investment projects, construction, installation, or manufacture;

b) Machinery, equipment, components, spare parts temporarily imported for replacement or repair of foreign ships or airplanes, or temporarily exported for replacement or repair of Vietnamese ships or airplanes overseas; goods temporarily imported to supply for foreign ships or airplanes in Vietnam's ports;

c) Goods temporarily imported or exported for warranty, repair, or replacement;

d) Vehicles temporarily imported or exported to carry exports or imports;

đ) Goods that are temporarily imported and re-exported by the deadline or extended deadline and a credit institution provides a guarantee or a deposit equivalent to import duties on the temporarily imported goods has been paid.

10. Non-commercial goods: samples, pictures, videos, models instead of samples; advertisement publications in small quantities.

11. Imports as fixed assets of an entity eligible for investment incentives as prescribed by regulations of law on investment, including:

a) Machinery and equipment; components, parts, spare parts for

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assembly or operation of machinery and equipment; raw materials for manufacture of machinery and equipment, components, parts, or spare parts of machinery and equipment;

b) Special-use vehicles in a technological line directly used for a manufacture project;

c) Building materials that cannot be domestically produced.

Exemption of import duty on the imports specified in this Clause also applies to new investment projects and extension projects.

12. Plant varieties; animal breeds, fertilizers, pesticides that cannot be domestically produced as prescribed by competent authority.

13. Raw materials and components which cannot be domestically manufactured and are imported serving the manufacturing of investment projects eligible for investment incentives or in an extremely disadvantaged area prescribed by regulations of law on investment, high technology enterprises, science and technology enterprises, science and technology organizations are exempt from import duties for 05 years from the commencement of manufacture.

The exemption of import duties specified in this Clause does not apply to mineral extraction projects; projects for manufacture of products where total value of natural resources or minerals plus energy costs makes up at least 51% of the product price; projects for manufacture or sale of goods/services subject to special excise tax.

14. Raw materials and components which cannot be domestically manufactured of investment projects for manufacture or assembly of medical equipment given priority shall be exempt from import duties

for 05 years from the commencement of manufacture.

15. Imports serving petroleum activities, including:

a) Machinery, equipment, components, means of transport necessary for petroleum activities, including those temporarily imported for re-export;

b) Components, parts, spare parts for assembly or operation of machinery and equipment; raw materials for manufacture of machinery and equipment, components, parts, or spare parts of machinery and equipment necessary for petroleum activities;

c) Supplies necessary for petroleum activities that cannot be domestically produced.

16. Shipbuilding projects and shipyards eligible for incentives as prescribed by regulations of law on investment shall have tax exempted from:

a) Imports that constitute fixed assets of the shipyard, including: machinery and equipment; components, parts, spare parts for assembly or operation of machinery and equipment; raw materials for manufacture of machinery and equipment, components, parts, or spare parts of machinery and equipment; means of transport in the technological line directly serving shipbuilding; building materials that cannot be domestically produced;

b) Imported machinery, equipment, raw materials, supplies, components, semi-finished products serving shipbuilding that cannot be domestically produced;

c) Ships for export.

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17. Imported machinery, equipment, raw materials, supplies, components, parts, spare parts serving money printing and mincing.

18. Imported raw materials, supplies, components serving that cannot be domestically produced serving manufacture of information technology products, digital contents, software.

19. Exports and imports serving environmental protection, including:

a) Imported machinery, equipment, equipment, tools, supplies that cannot be domestically produced serving collection, transport, treatment wastewater, wastes, exhaust gases, environmental monitoring and analysis, production of renewable energy, treatment of environmental pollution, response to environmental emergencies;

b) Exports that are products of waste recycling and treatment.

20. Imports directly serving education that cannot be domestically produced.

21. Imported dedicated machinery, equipment, components, supplies that cannot be domestically produced, scientific materials serving scientific research, technological development, technological cultivation, cultivation of science and technology enterprises and technological innovation.

22. Imported dedicated products directly serving national defense and security, the vehicles among which must be those that cannot be domestically produced.

23. Exports and imports serving assurance of social security, recovery from disasters, epidemics, and other special situations.

24. The Government shall regulate this Article.

Tax reduction

1. Exports and imports that are damaged or lost under customs supervision and the damage or loss is verified by a competent organization, tax reduction shall be granted.

The level of reduction shall be proportional to the loss of goods. Tax is exempt if the exports or imports are completely damaged or lost.

2. The procedures for tax reduction shall comply with regulations of law on tax administration.

Tax refund

1. Cases of tax refund:

a) Any taxpayer who has paid export duty or import duty but has no exports or imports, or the quantity of exports or imports is smaller than the quantity on which duty is paid;

b) Any taxpayer who has paid export duty but the exports has to be re-imported shall receive a refund of export duty and does not have to pay import duty;

c) Any taxpayer who has paid import duty but the imports has to be re-exported shall receive a refund of import duty and does not have to pay export duty;

d) Any taxpayer who has paid tax on goods imported to serve manufacture or business operation and they have been used for manufacture of exports and the products are already exported;

đ) Any taxpayer who has paid tax on machinery, equipment, tools, vehicles of organizations and individuals that are permitted to be temporarily imported for re-export, except for those rented to execute

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investment projects, construction and installation, manufacture, when they are re-exported to abroad or exported to a free trade zone.

The amount of import duty refunded depends on the remaining value of goods when they are re-exported according to the period of time over which they are used or stay in Vietnam. If the goods are no longer usable, import duty shall not be refunded.

Tax shall not be refunded if the refundable amount is below the minimum level specified by the Government.

2. Tax on the goods specified in Point a through c of Clause 1 of this Article shall be refunded if such goods have not been used or undergone working or processing.

3. The procedures for tax refund shall comply with regulations of law on tax administration.

CHAPTER C: LABOR AND EMPLOYMENT POLICIES

I. SALARY

1. Regulations on the region's minimum wage:

Employee's wage will be agreed between the employer and the employee and must not less than the region minimum wage rate as prescribed by the Government.

According to the Decree No. 90/2019/NĐ-CP dated 15/11/2019, Regional minimum wage rates applied to enterprises in Haiphong City as following:

	Region I (Urban and rural districts of Thuy Nguyen, An Duong, An Lao, Vinh Bao, Tien Lang, Cat Hai, Kien Thuy)	Region II (The rest of rural districts of Hai Phong city)
The regional minimum wage rates	VND 4,420,000/month	VND 3,920,000/month

II. WORK PERMITS FOR FOREIGNER WORKING IN VIETNAM

1. **Work permits applied to foreigner working in Vietnam in the following forms:**

** Workers who are foreign citizens moving to Vietnam for employment (hereinafter referred to as the foreign workers) for the purpose of:*

- a) Executing the labour contracts;
- b) Complying with the company's internal reassignments;
- c) Enforcing contracts or agreements on business, commerce, finance, banking, insurance, science and technology, culture, sports, education, vocational training and health;
- d) Providing services under contracts;
- d) Offering services;
- e) Working for foreign non-governmental organizations or international organizations in Vietnam that have been granted with operating licenses in accordance with the Vietnam law;

- g) Working as volunteers;
- h) Taking charge of establishing the commercial presence;
- i) Working as managers, chief executive officers, experts, technicians;
- k) Participating in the execution of bid contracts and projects in Vietnam..

****) Employers of foreign workers include:***

- a) Enterprises operating in accordance with the Enterprise Law, the Investment Law or the International Treaties to which the Socialist Republic of Vietnam is a signatory;
- b) Foreign or Vietnamese contractors participating in the bidding or executing contracts;
- c) Representative offices, branches of enterprises, agencies or organizations licensed by the competent authorities;
- d) State agencies, political organizations, sociopolitical organizations, sociopolitical professional organizations, social organizations or socio-professional organizations;
- dd) Foreign non-governmental organizations or international organizations in Vietnam;
- e) Public services organizations established in accordance with the law;
- g) Offices of foreign projects or international organizations in Vietnam;
- h) Executive offices of foreign investors in business cooperation contracts or those of foreign contractors awarded operating licenses by the law;
- i) Law-practicing organizations in Vietnam in accordance with the law;
- k) Cooperatives and cooperative unions established and operated in accordance with the Law on cooperatives;

- l) Business associations or business unions established in accordance with the law;
- m) Business households or individuals licensed to do business in accordance with the law.

2. Cases of foreign workers exempt from work permits

The cases in which the foreign workers are exempt from applying for the work permits:

(Pursuant to Decree No. 11/2016/ND-CP dated 03/02/2016 of Government on detailing the regulations on implementation of a number of Article of the Labour Code regarding foreign workers in Vietnam).

***) The foreign workers regulated in Clause 1, Clause 2, Clause 3, Clause 4, Clause 5, Clause 6, Clause 7 and Clause 8 Article 172 of the Labour Code.**

***) Other cases in which the foreign workers are exempt from work permits, including:**

a) The workers are internally reassigned in the companies which engage in 11 service industries in the Vietnam's WTO commitments on services, including: business, communication, construction, distribution, education, environment, finance, health, tourism, culture, entertainment and transportation;

b) The workers enter Vietnam to provide professional and technical advisory services or perform other tasks serving the research, construction, appraisal, assessment, management and execution of programs and projects funded by ODA according to the International Treaties on ODA between the competent authorities of Vietnam and other countries;

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- c) The workers are issued with the licenses for the practice of communications or journalism in Vietnam by the Ministry of Foreign Affairs;
- d) The workers are appointed by foreign agencies or organizations to teach or do research in international schools under the management of foreign diplomatic missions or international organizations in Vietnam or the workers are permitted to teach or do research in educational and training institutions in Vietnam by the Ministry of Education and Training;
- dd) The workers are volunteers who have obtained the certification of the foreign diplomatic missions or international organizations in Vietnam;
- e) The workers enter Vietnam to hold the positions of experts, managers, chief executive officers or technicians for a period of under 30 days and an accumulated working period of under 90 days per year;
- g) The workers enter Vietnam to implement international agreements to which central or provincial agencies and organizations are signatories in accordance with the law;
- h) Students who are studying in schools or training institutions in foreign countries execute their practicum at agencies, organizations or companies in Vietnam upon agreements;
- i) Relatives of members who are executing their functions in foreign missions in Vietnam upon the approval of the Ministry of Foreign Affairs, unless otherwise stated in the International Treaties to which the Socialist Republic of Vietnam is a signatory;
- k) Workers are holders of Official Passports for working in state agencies, political organizations or sociopolitical organizations;
- l) Other cases decided by the Prime Minister at the request of the Ministry of Labour - Invalids and Social Affairs.

III. WORK IN SAFE AND HYGIENIC CONDITIONS

(Persuant to Decree No. 11/2016/ND-CP dated 03/02/2016 of Government on detailing the ragulations on implementation of a number of Article of the Labour Code regarding foreign workers in Vietnam).

Article 133. Compliance with the law on labor safety and hygiene

All enterprises, agencies, organizations and individuals related to labor and production must comply with the law on labor safety and hygiene.

Article 134. State policy on labor safety and hygiene

1. The State has invested in scientific research and supported the development of the facilities manufacturing the equipment of labor safety and hygiene, and personal protective equipment.

2. Encouraging the development of services on labor safety and hygiene.

Article 135. Program of labor safety and hygiene

1. The Government has decided the national Program on labor safety and hygiene.

2. The provincial People's Committee shall build and present the people's Council to decide the labor safety and hygiene program within the scope of locality and put into the plan of social and economic development.

Article 136. National technical regulations on labor safety and hygiene

1. The Ministry of Labor, Invalids and Social Affairs shall preside over and coordinate with the ministries and sectors and localities to build, issue and make guidance for implementation of the national technical regulations on labor safety and hygiene.

2. The employer shall rely on the standards and national technical regulations, the local technical regulations on labor safety and hygiene to build the rules and working procedures to guarantee the labor safety

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and hygiene in accordance with each type of machinery, equipment and workplace.

Article 137. Guaranteeing the labor safety and hygiene at the workplace

1. When newly building, expanding or improving the works and facility for production, utilization, preservation and storage of machinery, equipment, materials and substances with strict requirements on labor safety and hygiene, the investor and employer must make a plan on the measures to guarantee the labor safety and hygiene for the workplace of employees and the environment.

2. When manufacturing, using, preserving and transporting the type of machinery, equipment, materials, energy, electricity, chemicals, plant protection drugs, the change of technology and import of new technology must comply with the national technical regulations on labor safety and hygiene or the standard on labor safety and hygiene at workplace that has been published and applied.

IV. COMPULSORY INSURANCE

1. Types of compulsory insurance:

Compulsory insurance covers social insurance, health insurance and unemployment insurance. Social insurance and unemployment apply only to local workers, while health insurance applies to both domestic and foreign workers.

2. Compulsory insurance rate:

Social insurance		Health insurance		Unemployment insurance	
Employer	Employee	Employer	Employee	Employer	Employee
18%	8%	3%	1,5%	1%	1%

CHAPTER D: LAND POLICY

I. ALLOCATE, LEASE LAND TO FOREIGN INVESTOR(S).

(Article 55, 56 of the Land Law 2013)

The State's decision on allocation or lease of land to foreign-invested enterprises through the following 2 main forms:

- ✓ Allocate land with land use levy;
- ✓ Lease land and collect an annual land rental or full one-off rental

1. Allocate land with land use levy

Foreign-invested enterprises that are allocated land to implement investment projects on construction of houses for sale or a combination of sale and lease.

2. Lease land and collect an annual land rental or full one-off rental

Foreign-invested enterprises that use land to implement investment projects in agriculture, forestry, aquaculture or salt production, for non-agricultural business and production purpose, for construction of public facilities for commercial purpose, and for implementation of investment projects on houses for lease; for construction of non-business facilities.

II. CONDITIONS FOR LAND ALLOCATION, LAND LEASE AND CHANGE OF LAND USE PURPOSE TO IMPLEMENT INVESTMENT PROJECTS

1. For investment projects that use paddy land or land for protection forests or land for special- use forests for other purposes and are other than those to be decided by the National Assembly or approved in principle by the Prime Minister, competent state agencies may only decide on land allocation or land lease or permit change of land use purpose when one

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of the following documents is available:

a) The written approval by the Prime Minister for change of land use purpose for the paddy land with an area of 10 ha or more, and for protection forest or special-use forest with a land area of 20 ha or more;

b) The resolution of the provincial-level People's Council for change of land use purpose for the paddy land with an area less than 10 ha, and for protection forest or special-use forest with a land area less than 20 ha.

2. For investment projects which use land on islands or in border or coastal communes, wards or townships, competent state agencies may only decide on land allocation, land lease or change of land use purpose upon receiving written approval from related ministries and agencies.

3. Those who are allocated land or leased land by the State, or permitted by the State to change land use purpose to implement investment projects must meet the following conditions:

a) Having financial capacity to ensure the land use according to the investment project's schedule:

✓ Having own capital for implementation of the project equal to at least 20% of the total investment, for projects using less than 20 hectares of land; or to at least 15% of the total investment, for projects using 20 hectares of land or more;

✓ Being able to raise capital for implementation of the project from credit institutions, foreign bank branches and other organizations and individuals.

b) Paying a deposit in accordance with the investment law:

✓ If the capital does not exceed VND 300 billion, the deposit is 3%;

✓ The deposit on the amount of capital in surplus of VND 300 billion

but not exceeding VND 1,000 billion is 2%;

✓ The deposit on the amount of capital in surplus of VND 1,000 billion is 1%.

(Article 27 Decree No.118/2015/ND-CP)

c) Not violating the land law if they are implementing other projects on the state-allocated or -leased land.

III. COMPETENCE TO ALLOCATE, LEASE LAND AND APPROVE CHANGE OF LAND USE PURPOSE

(Article 59 of the Land Law 2013)

1. Provincial-level People's Committees may decide on the allocation or lease of land, and permit change of land use purpose in the following cases:

a/ Allocation or lease of land to, and permission for change of land use purpose for, organizations;

b/ Allocation of land to religious institutions;

c/ Allocation of land to overseas Vietnamese or foreign-invested enterprises under Clause 3, Article 55 of Land Law;

d/ Lease of land to overseas Vietnamese or foreign-invested enterprises under Points e and f, Clause 3, Article 56 of Land Law;

2. District-level People's Committees may decide on the allocation or lease of land, and permit change of land use purpose in the following cases:

a/ Allocation or lease of land to, and permission of change of land use purpose for, households and individuals. If these subjects wish to lease or use agricultural land with an area of 0.5 ha or more for trading and service

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purposes, written approval from the provincial-level People's Committee is required before the district-level People's Committee makes decision;

b/ Allocation of land to communities.

3. Commune-level People's Committees may lease land from the agricultural land fund for public purposes in their communes, wards or townships.

4. Agencies having the competence to decide on land allocation or lease and permit change of land use purpose as prescribed in Clauses 1 and 2 of this Article may not delegate their competence.

IV. COMPETENCE TO GRANT CERTIFICATES "OF LAND USE RIGHTS AND OWNERSHIP OF HOUSES AND OTHER LAND-ATTACHED ASSETS

(Article 105 of the Land Law 2013)

1. Provincial-level People's Committees shall grant certificates of land use rights and ownership of houses and other land-attached assets to organizations, religious institutions, overseas Vietnamese, foreign-invested enterprises which implement investment projects, and foreign organizations with diplomatic functions.

Provincial-level People's Committees may authorize the agency in charge of natural resources and environment of the same level to grant the certificates of land use rights and ownership of houses and other land-attached assets.

2. District-level People's Committees shall grant the certificates of land use rights and ownership of houses and other land-attached assets to households, individuals and communities, and to overseas Vietnamese that are eligible to own house associated with land use rights in Vietnam.

3. For the subjects that were granted a certificate, a certificate of houses ownership or a certificate of construction facilities ownership, and execute the rights of land users or owners of land-attached assets or apply for the renewal or re-grant of the certificate, the certificate of houses ownership or the certificate of construction facilities ownership, the agency in charge of natural resources and environment shall handle in accordance with the Government's regulations.

V. THE TERM FOR LAND USE

(Article 126 of the Land Law 2013)

1. The term for land allocation or land lease to foreign-invested enterprises for implementing investment projects in Vietnam shall be considered and decided on the basis of the investment projects or applications for land allocation or land lease, but must not exceed 50 years.

✓ For large investment projects with slow recovery of capital, projects in areas with difficult socio-economic conditions or with especially difficult socio-economic conditions which require a longer term, the term of land allocation or land lease must not exceed 70 years.

✓ For projects on construction of houses for sale or for a combination of sale and rent or for lease- purchase, the land use term shall be determined in accordance with the duration of the project. Those who buy houses associated with land use rights may use land for a long and stable term.

✓ At the expiry of the term, if the land users still have land use needs, the State shall consider an extension which must not exceed the term prescribed in this Clause.

2. The term for land allocation and land lease prescribed in this Article

shall be calculated from the date of the decision on land allocation or land lease issue by a competent state agency.

VI. LAND RECOVERY DUE TO TERMINATION OF LAND USE IN ACCORDANCE WITH LAW, VOLUNTARY RETURN OF LAND OR RISKS OF THREATENING HUMAN LIFE:

(Article 65 of the Land Law 2013)

❖ Cases of land recovery due to termination of land use in accordance with law, voluntary return of land or risks threatening human life include:

a) Organizations to which land is allocated by the State without land use levy, or organizations to which land is allocated with land use levy and the land use levy is originated from the state budget, are dissolved, go bankrupt, move to another place, or have lower or no land use demand; land users which lease land with annual rental payment are dissolved, go bankrupt, move to another place, or have lower or no land use demand;

b) Individual land users die without any heir;

c) Land users return the land voluntarily;

d) Land is allocated or leased by the State for definite periods and such periods expired without extension allowed;

e) Land is located in environmentally polluted areas which bears the risks of threatening human life;

f) Land having risks of being eroded or sunk or otherwise affected by other natural disasters threatening human life.

❖ Land recovery prescribed in Clause 1 of this Article must be based on the following:

a) Land recovery prescribed in Clause 1 of this Article must be based on the following;

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b) For the case of land recovery prescribed at Point b, Clause 1 of this Article, the death certificate or the decision declaring that the individual concerned is dead in accordance with law and the document issued by the commune-level People's Committee of the locality where the individual concerned resides, confirming that he/she has no heir;

c) For the case of land recovery prescribed at Point c, Clause 1 of this Article, the document of the land user on the return of land;

d) For the case of land recovery prescribed at Point d, Clause 1 of this Article, the decision on land allocation or land lease;

e) For the case of land recovery prescribed at Point e and Point f, Clause 1 of this Article, the decision issued by a competent state agency determining the extent to which land is environmentally polluted, eroded, sunk, or otherwise affected by another natural disaster which threatens human life.

VII. LAND RECOVERY DUE TO VIOLATIONS OF LAND LAW

(Article 64 of the Land Law 2013)

1. Cases of land recovery due to violations of the land law include:

a) Land is not used for the purposes for which land has been allocated, leased, or land use rights have been recognized by the State and the land users, after having been sanctioned administratively for using land for improper purposes, still continue committing the violation;

b) Land users intentionally damage land;

c) Land was allocated or leased to wrong subjects or ultra vires;

d) Land that is ineligible for transfer or donation as prescribed in this Law is transferred or donated;

e) Land that is allocated by the State for management is encroached or occupied;

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f) Land that is ineligible for transfer of land use rights as prescribed by this Law is encroached or occupied due to the irresponsibility of land users;

g) Land users who fail to fulfill obligations to the State and have been administratively sanctioned for such violation but do not comply;

h) Land for annual crops that is not used for 12 consecutive months; land for perennial plants that is not used for 18 consecutive months; land for afforestation that is not used for 24 consecutive months;

i) Land that is allocated or leased for implementing investment projects is not used within 12 consecutive months, or the land use schedule is 24 months late compared with the schedule stated in the project documents since the hand-over in the field. In case of not putting the land into use, the land use term may be extended 24 months and the investors shall pay a sum of money equivalent to the total land use levy or land rental for the delayed period. If the investors still fail to put the land into use when the extended time is over, the State shall recover the land without compensation for land and land-attached assets, except due to force majeure.

2. Land recovery due to violations of the land law must be based on documents and decisions issued by state agencies which are competent to determine violations of the land law.

Land expropriation against termination of investment project pursuant to legislation on investment (Clause 14 Decree 01/2017/ND-CP dated 06/01/2017 on amendments to the decrees on the implementation of the Land law).

Land expropriation against the termination of an investment project pursuant to the legislation on investment, except the government's expropriation of land pursuant to Section 1, Article 64 and Section 1, Article 65 of the Land Law, shall proceed in the following manner:

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1. If the government allocates an area of land and charges the land use fee or leases the area of land and collects the rent in lump sum for the entire duration of the lease, land expropriation proceeds as follows:

a) The investor can continue using the land area in 24 months from the date that the investment project terminates pursuant to the legislation on investment;

b) In 24 months from the date of termination of the investment project as per regulations, the investment can transfer the land use right and sell legitimate properties on the land area to another investor as per the laws.

If the investor fails to transfer the land use right and sell its legitimate properties on the land area to another investor after the 24-month extension of land use, the government shall expropriate the land area pursuant to Point i, Section 1, Article 64 of the Land Law.

2. If the government leases the land area and collects the rent on annual basis, land expropriation shall proceed in the following manner:

a) The investor can continue using the land area in 24 months from the date that the investment project terminates pursuant to the legislation on investment;

b) In 24 months from the date of termination of the investment project as per regulations, the investment can sell legitimate properties on the land area to another investor as per the laws.

The government shall expropriate the land area from the seller of the properties on the land area and lease it to the buyer of such properties;

c) If the investor fails to sell its legitimate properties on the land area to another investor after the 24-month extension of land use, the government shall expropriate the land area pursuant to Point i, Section 1, Article 64 of the Land Law.”