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LEGAL ALERT

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**Resolution 198 of the
National Assembly – A
separate legal framework
for the private economy**



In order to soon put the policy of developing the private economy in the spirit of Resolution No. 68-NQ/TW of the Politburo into practice, becoming the most important driving force of the national economy, on May 17, 2025, the National Assembly passed Resolution No. 198/2025/QH15 ("**Resolution 198**") on a number of special mechanisms and policies for developing the private economy applicable to enterprises in the private economic sector, business households and individual businesses.

Realizing the Politburo's policy of developing the private economy, Resolution 198 has introduced a series of breakthrough policies, different from previous policies with important changes in taxes, fees, charges, financial support, land access and administrative procedures. Typical policies include:

Enterprises will not be inspected or examined more than once a year, except in cases of clear violations.

Prioritize civil, economic and administrative measures in handling violations.

Reserve at least 20 hectares/zone or 5% of the total area of the industrial park for high-tech enterprises in the private economic sector, small and medium enterprises, and creative startups to rent or sublease.

Reduce at least 30% of land sublease fees for the first 5 years for investors in infrastructure business of industrial parks, industrial clusters, and technology incubators.

Enterprises can borrow capital at a preferential interest rate of 2%/year for green, circular projects that apply environmental, social, and governance (ESG) standards.

Exemption from corporate income tax and personal income tax for 2 years and 50% reduction for the next 4 years for enterprises and experts of innovative start-up enterprises.

Exemption from corporate income tax for the first 3 years for newly established small and medium enterprises.

Exemption from corporate income tax and personal income tax on income from the transfer of shares, capital contributions, capital contribution rights, rights to purchase shares, and rights to purchase capital contributions in innovative start-up enterprises.

Eliminate lump-sum tax, end collection and payment of business license fees from January 1, 2026.

Exemption from fees and charges for documents that must be reissued or changed when implementing the arrangement and reorganization of the state apparatus.

Enterprises are allowed to allocate up to 20% of their income to establish a fund for science, technology, innovation and digital transformation development. Research and development costs are deducted double (200%) when calculating corporate income tax.

Private enterprises can participate in key national projects, public-private partnerships or public-private cooperation models.

Resolution 198 creates a special legal space, which is expected to not only remove legal and financial barriers, but also create a transparent business environment, promoting private enterprises to reach regional and global levels. However, it should be noted that Resolution 198 mainly addresses short-term and direct issues. For Resolution 198 to truly come into life and be effective, the synchronous adjustment of current legal documents as well as the timely issuance of detailed guiding decrees and circulars are a key step, ensuring consistency and feasibility in the implementation process.

Resolution 198 takes effect from the date of its approval by the National Assembly. Any provisions contrary to Resolution 198 shall be applied according to Resolution 198.



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