- The technology transfer must increase the quality of production.
- The company must export a minimum of 80 percent, or earn at least 80 percent of its earnings in foreign currencies.
- The rate of return must be expected to be low, or the project must be unattractive to other investors, but important to the country.
- The investment must be located where natural, economic and social conditions are poor.

The actual tax rate is determined by the SCCI. SCCI can grant a tax exemption to joint ventures in the priority category for a maximum of two years from the time the joint venture is initiated, and a 50 percent reduction of tax for another two years.

A corporate tax rate between 10 and 14 percent may be granted with a four-year tax exemption status, followed by a four-year 50 percent tax reduction if the venture satisfies the requirements for a priority category rate, in addition to meeting other criteria assuring it "special treatment".

Tax on Profits Remitted Abroad

Foreign investors are liable to pay a withholding tax on profits remitted abroad when an investor's capital contribution is greater than 50 percent of the total capital or when invested capital is greater than US$10 million. The withholding tax rate is 5 percent, while in all other cases, the rate is 10 percent of the amount remitted.

A foreign company that reinvests its share of profits for three years or more is entitled to a refund on the amount of income tax already paid on the profits to be reinvested.

Business and Sales Tax

Companies in business cooperation contracts, which provide services and obtain earnings in Vietnamese currency, must pay a business tax under the regulations taxing industrial and commercial profits. If the company is selling the products within Vietnam, sales tax must be paid at the applicable rate. For any product not subject to sales tax, the company must pay a business tax.

Taxes on the Exploitation of Natural Resources

Foreign companies involved in investment projects exploiting or developing natural resources are subject to royalties in addition to income tax. A company engaged in the exploitation of mineral resources, natural forest products such as timber and wood, and agricultural products is subject to royalty payments to be determined by the Council of Ministers.

Depending on the mineral resource type, royalties can range from 2 to 20 percent. For natural forest products, royalties range from 10 to 40 percent, and for fish, aquatic products and others, royalties can range from 1 to 10 percent.

Exemptions from paying royalties can occur if the Vietnamese partner in a joint venture provides the natural resource as its capital contribution. In addition, royalty rates can be reduced if after the first three years the project is not viable, or if the project is reactivated where previous exploitation ended prior to 1975.