

Many preferential policies attract investment in special economic zones

VCN - The Draft Law on special administrative units sent to the Government, the Ministry of Planning and Investment (MPI) proposes many preferential policies on land and taxes to enhance the ability to attract investment capital, especially from foreign-invested capital into 3 special administrative - economic units Van Don (Quang Ninh province), North Van Phong (Khanh Hoa province) and Phu Quoc (Kien Giang province).



The draft Law on special administrative - economic units aims to create a legal basis for establishment, development, management, and operation of 3 special administrative - economic units Van Don, North Van Phong and Phu Quoc with a purpose of making the best use of their regional potentials and advantages.

Accordingly, the special economic zones will be towards strongly attracting investment capital, high technology, and advanced management from overseas, forming high growth areas with new management model and modern living environment. At the same time, attracting sectors to develop the research and development activities (R & D), creative start-ups, new sciences, techniques, and technologies; high-quality health and education; high-class resorts and tourism service.

Regarding the preferential policies, the draft Law proposes a series of common incentives for three special economic zones such as exemption from income for 5 years but not over 2030 for individuals with taxable income arising in the special economic zones. For following years, the personal income tax payable will be reduced by 50%.

According to the draft, Van Don will be given priority to developing marine eco-tourism, innovative industries, and high-tech agriculture. Van Phong will be given priority to developing deep-water ports, logistics services and high-quality health and resort services.

The MPI also proposed that the Government should consider issue permanent residence card in Phu Quoc (permanent residence card, valid for replacing visa for foreigners) for foreigners who have invested from US\$ 5 million (over 110 billion VND) into projects in Phu Quoc special economic zone, have lived for 5 years or more and have not violated the law.

According to the draft Law, Phu Quoc will be given investment priority to become a high-end trade and service center. In addition, this will be the unique zone to be prioritized for development of fishing, aquaculture and seafood processing and fishery logistics.

The draft law also stipulates the exemption from the land rental fee, water rental fee, land use fees and non-agricultural land use tax.

The draft law also introduced many attractive tax incentives for foreign investment to be attracted to special economic zones as those applied in the free economic zone, Jeju City, South Korea, Suzhou Industrial Park in China.

In particular, as proposed in the Draft, over 10 year-**investment projects** of foreign investors meeting the conditions on the scale of investment capital in such industries as tourism, commercial services, distribution and retailing service., etc and investment projects of foreign investors in the list of 500 world's largest corporations and 100% foreign-invested credit institutions, finance companies and funds will be entitled to 2 more years of exemption from tax and 4 years of 50% reduction of corporate income tax.

In addition, the draft Law also proposed regulations allowing domestic economic organizations and foreign-invested economic organizations to mortgage their assets attached to land at foreign credit institutions; to be entitled to the transfer of land use right directly from an organization or individual having a land use right to implement an investment project as a domestic economic organization.

The land use duration for production and business in special administrative and economic units for new science and technique and technology, creative startup areas, research and development center for key industries, which are prioritized for development of administrative and economic units, has been adjusted up to 99 years, while for other industries is 70 years

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